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## SPECIAL TOPICS

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## 17. AID TO STATE AND LOCAL GOVERNMENTS

State and local governments serve a vital role in providing services to their residents. The Federal Government contributes to that role by aiding State and local governments through grants, loans, and the tax system. This chapter focuses on Federal grants-in-aid in the FY 2014 Budget and provides information on historical grant spending. Information on Federal credit programs may be found in Chapter 22, “Credit and Insurance,” in this volume. Chapter 16, “Tax Expenditures,” in this volume, includes a display of tax expenditures that particularly aid State and local governments at the end of Tables 16-1 and 16-2.

Federal grants-in-aid are assistance provided to State and local governments, U.S. territories, and American Indian Tribal governments to support government operations or provision of services to the public. Most often grants are awarded as direct cash assistance, but Federal grants-in-aid can also include payments for grants-in-kind—non-monetary aid such as commodities purchased for the National School Lunch Program. Federal revenues shared with State and local governments are also considered grants-in-aid.

Federal grants generally fall into one of two broad categories—categorical grants or block grants—depending on the requirements of the grant program. In addition, grants may be characterized by how the funding is awarded such as by formula, by project, or by matching State and local funds.

Categorical grants have a narrowly defined purpose and may be awarded on a formula basis or as a project grant. An example of a categorical grant is the Special Supplemental Nutrition Program for Women, Infants, and Children, also known as WIC, administered by the Department of Agriculture. The program targets the nutrition needs of lower-income pregnant and postpartum women, infants, and children. Applicants to this program must meet defined categorical, residential, income, and nutrition risk eligibility requirements.

In contrast to categorical grants, block grants provide the recipient with more latitude to define the use of the funding and are awarded on a formula basis specified in law. The Department of Health and Human Services’ Temporary Assistance for Needy Families (TANF) program is an example of a block grant. States may use TANF funds in a variety of ways to meet any of four purposes set out in law. Each State also has broad discretion to determine eligibility requirements for TANF benefits. In addition, TANF has a matching requirement known as “maintenance of effort” which specifies a minimum amount that States must spend to assist low-income families in order to receive the full Federal grant.

Project grants can be awarded competitively and are typified by a specified end product or duration. They can include grants for research, training, evaluation, planning, technical assistance, survey work, and construction. The Government Accountability Office describes categorical and project grants as striking “a different balance between the interests of the [F]ederal grant-making agency that funds be used efficiently and effectively to meet [N]ational objectives, and the interests of the recipient to use the funds to meet local priorities and to minimize the administrative burdens associated with accepting the grant.”<sup>1</sup>

As recipients of Federal grant funding, State and local governments may provide services directly to beneficiaries or States may act as a pass-through, disbursing grant funding to localities using a formula or a competitive process. This pass-through structure allows States to set priorities and determine the allocation methodology within the rules of the Federal grant guidance.<sup>2</sup>

<sup>1</sup> United States Government Accountability Office. “Grants to State and Local Governments, An Overview of Federal Funding Levels and Selected Challenges.” September 2012.

<sup>2</sup> Keegan, Natalie. “Federal Grants-in-Aid Administration: A Primer.” Congressional Research Service. October 3, 2012.

### STATE AND LOCAL FISCAL OUTLOOK

States experienced the effects of the deep recession in 2008 and 2009 to varying degrees, but all States had to cope with a sharp drop in revenues and a higher demand for services. The Federal Government used the existing grants structure to provide swift fiscal relief to States during the 2008 and 2009 recession when States faced severe and unforeseen economic conditions. It primarily did so through the American Recovery and Reinvestment Act (Recovery Act), Public Law 111-5, enacted in February 2009. The Recovery Act provided enhanced grant funding in the areas of income security, education, transportation, energy, and water, and for Medicaid and other programs. In addition, for many programs, the Recovery Act required increased oversight and reporting for recipi-

ents and grant-making agencies. Most of the temporary provisions in the Recovery Act expired in 2010, but some Recovery Act programs were extended in subsequent legislation because economic growth remained slow.

The impact of and recovery from the recession has been uneven across States; broadly speaking, economic conditions at the State level, as evidenced by State fiscal year 2013<sup>3</sup>, show signs of improvement over 2012. According

<sup>3</sup> According to the Fall 2012 edition of *The Fiscal Survey of States*, published by the National Governors Association and the National Association of State Budget Officers, “forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with October to September fiscal years; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year” (page vi).

to the Fall 2012 Fiscal Survey of States (FSS), published by the National Governors Association and the National Association of State Budget Officers, for the first time since the recession general fund revenues are expected to be higher than in 2008 and State general fund<sup>4</sup> spending overall is expected to be 2.2 percent higher than in 2012. In addition, more than half of States increased spending for K-12 education and Medicaid in State fiscal year 2013 budgets. However, the FSS also reports that 24 States enacted a 2013 budget with general fund spending still lower than 2008. By State fiscal year 2013, general fund revenues, which are comprised primarily of sales, personal income, and corporate income taxes, are expected to be \$12.5 billion greater than in 2008. The FSS survey found that States are also beginning to build up reserves or rainy day funds, which is another sign of financial health. In State fiscal year 2013, reserves are expected to be a combined \$61.3 billion or 9 percent of general fund expenditures, although almost half of this will be held by two States: Texas and Alaska. High unemployment has also put a strain on States' budgets. The National unemployment rate peaked at the end of 2009 and remained high throughout 2010 but it has since been declining. As of January 2013, individual States had unemployment rates ranging from 9.8 percent in both California and Rhode Island to 3.3 percent in North Dakota. Over the past 12 months, the unemployment rate fell in 40 States and the District of Columbia, remained unchanged in three States, and rose in seven States.

Fiscal conditions at the city level are not as encouraging. According to the National League of Cities, general fund revenues are projected to decline again in city fiscal year 2012 for the sixth straight year and general fund expenditures are expected to grow only slightly.<sup>5</sup> Variability in tax revenue collections is seen among cities because of differences in local tax structures and re-

liance. However, the vast majority of cities rely heavily on revenue from property tax collections and have been greatly affected by the steep decline in housing prices.<sup>6</sup> Property tax revenues in 2011 dropped by 3.9 percent compared to 2010 and are projected to decline another 2.1 percent in 2012.<sup>7</sup> Local governments also rely on grants from States to fund services. According to the Bureau of Economic Analysis, grants by States to local governments increased from between 3.1 percent to 6.3 percent in each year between 2003 and 2008. However, in 2009, grants from States essentially remained flat and in 2010 decreased by 0.6 percent. In 2011, grants from States increased by 1.6 percent.<sup>8</sup> The Fiscal Survey of FSS found more States included increases in funding to local governments in their 2013 budgets than in the past several years.<sup>9</sup>

Federal grant spending increased greatly in 2009 and 2010 in response to the recession, as mentioned above, then decreased from those levels in 2011 and 2012 as the bulk of funds from the Recovery Act and its extensions were spent out. Outlays from Federal grants-in-aid increased by \$76.7 billion in 2009 to total \$538.0 billion, and increased by another \$70.4 billion in 2010 to total \$608.4 billion. In 2011, outlays from Federal grants-in-aid decreased by \$1.6 billion and decreased again in 2012 to \$544.6 billion.<sup>10</sup> As a percentage of total Federal outlays, aid to State and local governments was 15.5 percent in 2008, 17.6 percent in 2010, and 15.7 percent in 2012. However, a better measure of the size of these expenditures may be as a percentage of GDP. In 2008, Federal grants to State and local governments were equivalent to 3.2 percent of GDP, compared to 4.2 percent in 2010, and 3.5 in 2012.<sup>11</sup>

<sup>6</sup> Ibid. p. 3.

<sup>7</sup> Ibid.

<sup>4</sup> "General fund spending represents the primary component of discretionary expenditures of revenue derived from general sources which have not been earmarked for specific items." "Fiscal Survey of States." The National Governors Association and the National Association of State Budget Officers. Fall 2012. p. 1.

<sup>5</sup> Hoene, Christopher W., McFarland, Christina, and Pagano, Michael. "City Fiscal Conditions in 2012." National League of Cities. September 2012.

<sup>8</sup> U.S. Department of Commerce, Bureau of Economic Analysis (BEA), National Income and Product Accounts, Table 3.20, State Government Current Receipts and Expenditures. BEA reports annual data on a calendar year basis. Calendar year 2011 is the most recent year for which annual data are available.

<sup>9</sup> "The Fiscal Survey of States." The National Governors Association and the National Association of State Budget Officers. Fall 2012. p. 59.

<sup>10</sup> See Table 12.2 in the *Historical Tables* volume of the *Budget*.

<sup>11</sup> See Table 12.1 in the *Historical Tables* volume of the *Budget*.

## HIGHLIGHTS OF FEDERAL AID TO STATES AND LOCALITIES

The Budget provides \$643.3 billion in outlays for aid to State and local governments in 2014, an increase of \$98.7 billion from 2012. The distribution of grant spending in 2014 among functions remains similar to 2012. As shown in Table 17-1, 50.3 percent of this aid is for health programs, with most of the funding going to Medicaid, a program which makes health insurance accessible for low-income Americans. Beyond health programs, 16.8 percent of Federal aid will go to income security programs; 15.0 percent to education, training, and social services; 11.1 percent to transportation; 3.3 percent to community and regional development; and 1.0 percent each to justice and to natural resources and environment.

Highlights of proposals and changes in the Budget are presented below by functional category. Each section begins with the overall spending level for that category followed by a discussion of significant proposals or changes to programs in that category. The funding level for every Federal grant program can be found in Table 17-1, in this section, organized by functional category and by Federal agency. The next section, Historical Perspectives, presents a history of Federal grants-in-aid and includes Table 17-2, which illustrates trends over time. An Appendix to this chapter includes tables of State-by-State obligations of major grant programs.

### Natural Resources and Environment

Grant outlays for natural resources and environment programs are estimated to be \$6.5 billion in 2014.

The Budget strengthens resource management on non-Federal lands by incorporating better data on grantee accomplishments and natural resource outcomes to help guide future Federal investment in State forestry grants. This approach by the U.S. Forest Service advances the recent shift toward cross-program and competitive-based grant allocations already underway by institutionalizing better data collection and rewarding innovative projects that increase natural resource outcomes, including benefits to water quality from improved forest stewardship and innovative uses of urban forestry in emerging green infrastructure approaches.

The Budget proposes \$383 million, a \$119 million increase above the 2012 enacted level, for competitive research grants made through the Agriculture and Food Research Initiative (AFRI). AFRI grants address key problems of National, regional, and multi-State importance in sustaining all components of agriculture, including farm efficiency and profitability, ranching, renewable energy, forestry (both urban and agroforestry), aquaculture, rural communities and entrepreneurship, human nutrition, food safety, biotechnology, and conventional breeding.

The America's Great Outdoors (AGO) initiative supports Federal, State, local, and tribal conservation efforts, while reconnecting Americans, particularly young people, to the outdoors. Investments for AGO programs support conservation and outdoor recreation activities nationwide that create millions of jobs, generate hundreds of mil-

lions of dollars in tax revenue, and spur billions in total national economic activity. For the first time ever, the Budget proposes mandatory funding for Land and Water Conservation Fund (LWCF) programs in the Departments of the Interior and Agriculture, including \$200 million in mandatory funds out of \$600 million overall for LWCF programs in 2014. This mandatory funding will provide the stability needed for agencies and States to make strategic, long-term investments to preserve natural and cultural resources, bolster outdoor recreation opportunities, and protect wildlife. Starting in 2015, the Budget proposes \$900 million annually in mandatory funding equal to the amount of oil and gas receipts deposited in the LWCF each year. In 2014, \$351 million is proposed to conserve lands within national parks, refuges, and forests, including \$169 million in collaborative funds for Interior and the U.S. Forest Service to jointly and strategically conserve the most critical landscapes. The Budget also proposes \$15 million in LWCF funding to revive the Urban Park Recreation and Recovery Program, which can help revitalize urban parks and increase access to trails, green space, and other recreational areas in the most underserved urban communities. Other AGO programs include operating national parks, refuges, and public lands, which are critical for conserving natural and cultural resources; protecting wildlife; and drawing recreational tourists from across the country and the world. They also include grant programs that assist States, Tribes, local governments, landowners, and private groups (such as sportsmen) in preserving wildlife habitat, wetlands, historic battlefields, regional parks, and the countless other sites that form the mosaic of our cultural and natural legacy.

The Administration proposes \$1.1 billion for grants within the Environmental Protection Agency (EPA) to support State and tribal implementation of delegated environmental programs. The support includes \$257 million in State grant funding for air programs, an increase of \$22 million to assist States in addressing additional responsibilities associated with greenhouse gas reduction efforts, and \$259 million in State water pollution control grants, a \$25 million increase, including \$15 million to improve nutrient management. The Administration also proposes to increase funding for the Tribal General Assistance Program (Tribal GAP) by \$5 million. Tribal GAP funding builds Tribal capacity and assists tribes in leveraging other EPA and federal funding to contribute towards a higher level of environmental and health protection.

The Budget includes a combined \$1.9 billion for federal capitalization of the State Revolving Funds (SRFs), representing a reduction of \$472 million from the 2012 enacted level. The Budget proposes a gradual reduction to focus on communities in most need of assistance, but will still allow the SRFs to finance approximately \$6 billion in wastewater and drinking water infrastructure projects annually. The Administration has strongly supported the SRFs, having received and/or requested funding for them totaling approximately \$19.8 billion since 2009. Since

their inception, the SRFs have been provided over \$52.6 billion. Going forward, EPA will work to target SRF assistance to small and underserved communities with limited ability to repay loans. The Administration strongly supports efforts to expand the use of green infrastructure to meet Clean Water Act goals. To further these efforts, the Budget will better target the funding intended for green infrastructure practices, which will help communities improve water quality while creating green space, mitigating flooding, and enhancing air quality.

The Budget also leverages funding from across the Federal government as well as State, local, and private investment in order to promote job creation and economic growth in communities with Brownfields sites through initiatives such as the Partnership for Sustainable Communities and Strong Cities, Strong Communities with the EPA. Brownfields are lightly contaminated sites, many in economically hard-hit areas, where the presence or potential presence of contamination may keep these sites from being used productively. In order to support initiatives to rehabilitate these sites and communities around the country while recognizing fiscal constraints, the Budget increases funding for technical assistance but slightly reduces the competitive grant funds.

## **Transportation**

Grant outlays in support of transportation programs are estimated to be \$71.1 billion in 2014.

The Moving Ahead for Progress in the 21st Century Act, enacted in July 2012, reauthorized the Federal Aid Highways grants, Transit Formula Grants, and highway safety grants. The Budget provides \$50.1 billion in obligation limitations for those programs, equal to the contract authority levels authorized in the act.

To spur job growth and allow States to initiate sound multi-year investments, the Budget provides an additional \$50.0 billion for transportation investments in 2014 with a “fix-it-first” policy focus. Although infrastructure projects take time to get underway, these investments would create hundreds of thousands of jobs in the first few years—and in industries suffering from protracted unemployment. This includes \$40.0 billion in “fix-it-first” investments to improve existing infrastructure assets most in need of repair and \$10.0 billion to help spur States and local innovation in infrastructure development and leveraging leverage State, local, tribal and private funds. Not only will making these investments now put workers back on the job and support local transportation programs in the near-term, but the return on investment for Federal taxpayers will benefit from historically low interest rates and construction costs. To help these funds flow into communities without delay, key Federal agencies have been directed to find ways to expedite permitting and approvals for infrastructure projects.

The Budget provides \$40.0 billion over five years to fund the development of high-speed rail and other passenger rail programs as part of an integrated national transportation strategy. This system will provide 80 percent of Americans with convenient access to a passenger rail system, featuring high-speed service, within 25 years.

The proposal also benefits freight rail and significantly restructures Federal support for Amtrak, to increase transparency, accountability, and performance.

In order to ensure the highest safety standards for the U.S. pipeline system, the Budget proposes a Pipeline Safety Reform (PSR) initiative to both enhance and revamp the Department of Transportation’s Pipeline Safety program. The Budget maintains the size of the State Pipeline Safety Grant program and institutes several reforms to the Federal program. It funds the second phase of a three-year effort to more than double the number of Federal pipeline safety inspectors. There are currently only 135 inspectors responsible, in collaboration with State partners, for annually inspecting 2.6 million miles of pipeline and ensuring incident investigations following explosions occur promptly. In addition, the Budget modernizes pipeline data collection and analysis, improves Federal investigation of pipeline accidents of all sizes, and expands the public education and outreach program.

In support of the President’s call for spending restraint, the Budget lowers funding for the airport grants program to \$2.4 billion by eliminating guaranteed funding for large- and medium-hub airports. The Budget focuses Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges, thereby giving larger airports greater flexibility to generate their own revenue.

## **Community and Regional Development**

Grant outlays for community and regional development programs are estimated to be \$21.0 billion in 2014.

The Budget provides \$3.0 billion for the Community Development Block Grant (CDBG) program and neighborhood stabilization activities within the Department of Housing and Urban Development (HUD), and proposes reforms to better target CDBG investments to address local community development goals. This funding level includes \$200 million in new competitive funds to continue mitigating the impacts of the foreclosure crisis. The funding will provide essential new resources to help communities hardest hit by the foreclosure crisis while creating jobs through rehabilitating, repurposing, and demolishing vacant and blighted properties. The Budget also continues to support the \$15.0 billion Project Rebuild program, which will leverage private capital to bring the benefits of neighborhood stabilization to national scale.

The Budget provides \$950 million for the HOME Investment Partnerships Program, five percent below the 2012 enacted level. At this funding level, HOME will provide grants to State and local governments to supply almost 40,000 additional units of affordable housing for low-income families. This funding reduction is mitigated by the investment of \$1 billion in mandatory funding for the Housing Trust Fund to finance the development, rehabilitation, and preservation of affordable housing for extremely-low income families.

As part of the Administration's multiagency partnership between HUD, the Department of Transportation, and the Environmental Protection Agency, the Budget provides \$75 million in Integrated Planning and Investment Grants to create incentives for communities to develop and implement comprehensive housing and transportation plans, such as updates to building codes, land use and zoning ordinances, that result in more resilient economic development, reduce energy consumption and greenhouse gas emissions, and increase affordable housing near public transit. This funding would support about 30 additional regional and neighborhood planning and implementation grants to enable communities to align public and private investments in housing, transportation, and infrastructure. These efforts also align with a broader Administration commitment to help communities improve their resilience to extreme weather and other climate change impacts through direct technical assistance, data and tools on projected impacts, and other support.

The Budget requests \$55 million for a new economic development grant program administered by the Department of Agriculture designed to target small and emerging private businesses and cooperatives in rural areas. Relying on evidence about what works to create jobs and growth, this new program will award funding to grantees that agree to be tracked against performance targets. The new program will also improve upon the agency's current grant allocation and evaluation process.

The Budget provides \$2.4 billion for State and local grant programs within the Department of Homeland Security to hire, equip, and train first responders. To better target these funds, the Budget proposes eliminating duplicative, stand-alone grant programs, consolidating them into the National Preparedness Grant Program. This initiative is designed to build, sustain, and leverage core capabilities as established in the National Preparedness Goal. Using a competitive risk-based model, the National Preparedness Grant Program will apply a comprehensive process that identifies and prioritizes deployable capabilities; puts funding to work more quickly; and requires grantees to regularly report progress in the acquisition and development of these capabilities.

### **Education, Training, Employment, and Social Services**

Grant outlays for education, training, employment, and social service programs are estimated to be \$96.5 billion in 2014.

The Administration believes that all children should have access to a high-quality preschool education. A child's early years are the most critical for building the foundation needed for success in life. Research has conclusively shown that supporting children at this stage leads to significant benefits in school and beyond. This is particularly true for low-income children, who often start kindergarten academically behind their peers by many months. Providing high-quality early childhood education to all children will enable them to start school ready to learn and realize their full potential. The Budget outlines a proposal to ensure that four-year-olds across

the country have access to high-quality preschool programs, which would be financed through mandatory resources fully paid for elsewhere in the Budget. This proposal consists of a Federal-State partnership to provide all low- and moderate-income four-year-old children with high-quality preschool, while also providing States with incentives to expand these programs to reach additional children from middle class families and to put in place full-day kindergarten policies. To support this effort, the Budget also proposes a \$750 million discretionary investment in Preschool Development Grants in 2014. These grants will ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-old children in high-quality programs. The preschool initiative is coupled with a companion investment in voluntary home visiting and high-quality care for infants and toddlers within the Department of Health and Human Services (HHS).

The Budget provides \$659 million for School Turnaround Grants within the Department of Education to support the Administration's commitment to help turn around America's persistently lowest-performing schools. This includes \$125 million for a new competitive grant program to expand the capacity of districts to implement effective and sustainable school reform.

One of the Department of Education's trademark grant programs, Investing in Innovation (i3), uses an evidence-based approach to test new ideas, validate what works, and scale up the most effective approaches. The Budget builds on the success of i3 by providing \$215 million, an increase of \$66 million above the 2012 enacted level, to support growing the evidence base in high-need areas, including identifying and supporting effective teachers and leaders, improving low-performing schools, and encouraging parent engagement.

Teachers and principals have enormous impacts on students' learning. The Budget continues significant investment to ensure that there is an effective teacher in every classroom through programs such as the Teacher and Leader Innovation Fund and the Effective Teachers and Leaders State Formula Grant Program and its 25 percent set-aside for competitive grants. The Administration also recognizes the need to equip school leaders to implement Elementary and Secondary Education Act (ESEA) reforms by providing nearly \$100 million for a competition to develop high-quality, large-scale professional development for current school leaders. The Budget also invests \$12.5 billion in mandatory funds to help school districts prevent additional teacher layoffs and hire teachers as the economy continues to recover. In addition, the Budget proposes a \$5 billion one-time mandatory investment in the Recognizing Educational Success, Professional Excellence, and Collaborative Teaching (RESPECT) Project, to support States and districts that commit to bold, comprehensive reforms to transform every stage of the teaching profession.

The Budget provides \$1.3 billion for 21st Century Community Learning Centers to States and other entities for projects that provide students, particularly those in high-need schools, the additional time, support, and en-

richment activities that can improve their achievement. The Budget places a particular focus on programs that support high-quality expanded learning models, which add time to the school day or school year to improve student outcomes.

The Budget sustains the Department of Education's commitment to supporting education for disadvantaged students and students with disabilities, providing \$14.5 billion for ESEA Title I Grants and \$11.6 billion for Individuals with Disabilities Education Act (IDEA) Grants to States. These investments provide the resources needed by districts to pay teacher salaries and fund other educational interventions for these groups.

Building on the success of Race to the Top (RTT) program in both early education and K-12 education, the Department of Education will shift the focus of RTT in 2014 to promoting comprehensive reforms in postsecondary education. The Budget provides \$1 billion to support competitive grants to States that commit to driving comprehensive change in their higher education policies and practices, while doing more to contain their tuition and make it easier for students to afford a college education. This change establishes RTT as a fund that promotes system-wide reform and can shift its focus each year to support the most promising and comprehensive solutions to strengthen public education and improve outcomes from preschool through college.

A large share of the nation's vocational training is delivered at community colleges. The Budget funds an \$8 billion Community College to Career Fund jointly administered by the Departments of Labor and Education to support State and community college partnerships with businesses to build the skills of American workers. The Fund will build on the Trade Adjustment Assistance Community College and Career Training Grants, for which 2014 is the final year of funding.

The Administration is committed to doing everything we can to make it easier for people who need help to find a job or build their skills for a better one, and for employers who need to find well-qualified workers. The Administration is exploring opportunities to revisit how the Federal government funds job training and employment services, including the possibility of reorganizing some of the existing training programs that serve overlapping populations. For example, the Budget proposes a universal displaced worker program that will reach up to a million workers a year with a set of core services, combining the best elements of two more narrowly-targeted programs. Any reform must ensure that the needs of particularly vulnerable job-seekers and workers continue to be met and ensure greater accountability and transparency about the performance of federally-supported job training providers and programs.

The Budget also provides \$80 million to increase the set-aside for governors in the Workforce Investment Act formula grants from 5 percent to 7.5 percent in order to boost States' capacity to engage in program improvements and reform.

## Health

Grant outlays for health related programs are estimated to be \$323.6 billion in 2014.

The Budget expands access to HIV/AIDS prevention and treatment activities and supports the goals of the National HIV/AIDS Strategy to reduce HIV incidence; increase access to care and optimizing health outcomes for people living with HIV; and reduce HIV-related health disparities. By providing resources for Affordable Care Act implementation, the Budget will support increased health care coverage for thousands of people living with HIV/AIDS. The Budget increases funding for the Ryan White HIV/AIDS program by \$20 million, including an additional \$10 million for the AIDS Drug Assistance Program (ADAP) to ensure that individuals living with HIV can access their medications and an additional \$10 million for HIV medical clinics to expand access to care and improve systems for connecting individuals to care and retaining them in care over time. The Budget includes an increase of \$10 million for CDC HIV/AIDS prevention activities to expand surveillance activities and improve timeliness of data. The Budget redirects \$40 million from less effective activities to support a new \$40 million initiative to improve systems that link persons recently diagnosed with HIV to care. The Budget also invests \$10 million in building the infrastructure and capacity that State public health departments and community based organizations will need to bill private insurers for infectious disease testing.

The Budget maintains the Community Mental Health Services Block Grant and increases the Substance Abuse Prevention and Treatment Block Grant to support States in an effective transition in the first year of the Affordable Care Act, which will include expanded coverage for mental health and substance abuse treatment services. The Budget also proposes funding within the Block Grants to encourage States to build provider capacity to bill public and private insurance and to promote the adoption of evidence-based programs.

Medicaid is critically important to providing health care coverage to the neediest Americans, and the Administration strongly supports State efforts to expand Medicaid with the increased Federal funding provided in the Affordable Care Act. The Budget seeks to preserve the existing partnership between States and the Federal government while making Medicaid more efficient and sustainable through sensible, targeted, Medicaid reforms. For example, the Budget helps States and the Federal government leverage more efficient reimbursement rates for durable medical equipment based on Medicare rates. The Budget also better aligns Medicaid Disproportionate Share Hospital (DSH) payments with expected levels of uncompensated care by beginning the scheduled reductions in 2015 and basing future State DSH allotments on States' actual DSH allotments as reduced by the ACA. Finally, the Budget would improve rebate and payment policies for Medicaid prescription drugs.

Finally, the Budget invests \$15 billion over the next 10 years to extend and expand evidence-based, voluntary

home visiting. These investments will be paired with a new initiative in the Department of Education to expand preschool to all low- and moderate-income four year olds.

### Income Security

Grant outlays for income security programs are estimated to be \$107.9 billion in 2014.

The Budget proposes a \$4 billion Reemployment NOW program, which incorporates a number of reforms to help UI claimants and other long-term unemployed individuals get back to work more quickly. The Budget also includes a \$12.5 billion Pathways Back to Work Fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer- and year-round jobs for low-income youth, subsidized employment opportunities for unemployed and low-income adults, and other promising strategies designed to lead to employment.

The Budget provides \$400 million for Choice Neighborhoods to continue to transform neighborhoods of concentrated poverty into opportunity-rich, mixed-income neighborhoods. The Budget will reach 10 to 13 neighborhoods with implementation grants that fund the revitalization of HUD-assisted housing and also engage local governments, nonprofits, and for-profit developers in partnerships to improve economic conditions in surrounding communities. These funds will be targeted to designated Promise Zones—high-poverty communities where the Federal government will work with local leadership to invest and engage more intensely to create jobs, leverage private investment, increase economic activity, and expand educational opportunities.

The Budget requests \$20 billion for the Housing Choice Voucher program to help more than 2.2 million low-income families afford decent housing in neighborhoods of their choice. This funding level supports all existing vouchers and provides 10,000 new vouchers targeted to homeless veterans. The Budget also includes \$10.3 billion for the Project-Based Rental Assistance program to maintain affordable rental housing for 1.2 million families, and provides \$6.6 billion in operating and capital subsidies to preserve affordable public housing for an additional 1.1 million families. A portion of this funding will support implementation of the Rental Assistance Demonstration, which will upgrade over 150,000 public housing and other HUD-assisted units by converting them to long-term Section 8 contracts that can leverage private financing for capital repairs.

The Budget provides \$2.4 billion for Homeless Assistance Grants, \$480 million above the 2012 enacted level. This funding maintains the approximately 325,000 HUD-funded beds that assist the homeless nationwide and expands rapid re-housing and permanent supportive housing. Backed with new data and emerging best practices across the country, this evidence-based investment will make further progress towards the goals laid out in the Federal Strategic Plan to Prevent and End Homelessness.

The Budget proposes to update the Housing Opportunities for Persons with AIDS (HOPWA) program to better reflect the current case concentration and un-

derstanding of HIV/AIDS and ensure that funds are directed in a more equitable and effective manner. This modernization includes a new formula that will distribute HOPWA funds based on the current population of HIV-positive individuals, fair market rents, and poverty rates in order to target funds to areas with the most need. It also makes the program more flexible, giving local communities more options to provide targeted, timely, and cost-effective interventions. The Budget's \$330 million investment in HOPWA, in combination with the proposed modernization, will assist local communities in keeping individuals with HIV/AIDS housed, making it easier for them to stay connected to treatment, and therefore improving health outcomes for this vulnerable population.

At a time of continued need, the Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and the Child Nutrition Programs, which help families improve their nutrition and reduce hunger. SNAP is the cornerstone of our Nation's nutrition assistance safety net, touching the lives of more than 47 million people. The Budget provides \$7.6 billion for discretionary nutrition programs, including \$7.1 billion to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Budget also provides resources for program integrity and again proposes to continue certain temporary SNAP benefits.

The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources through the Department of Agriculture.

The Budget provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help struggling families with residential heating and cooling expenses. The Budget targets funds to States with vulnerable households facing high home heating costs. The Budget also provides \$50 million for competitive grants to help reduce energy burdens for LIHEAP households that rely on persistently high-cost systems.

Research has shown that effective early childhood programs help children succeed in school and beyond. Increasing Federal investments in high-quality early education is a key part of a broader education agenda that will strengthen the Nation's competitiveness and help every child reach his or her potential. The Budget invests \$1.4 billion in new Early Head Start-Child Care Partnerships to support States and communities in expanding the availability of high-quality learning opportunities for our youngest children. The Budget also provides an additional \$200 million for States to support high-quality child care in 2014 and \$7 billion over the next 10 years to maintain the availability of child care subsidies.

The Budget proposes policy changes to modernize the Child Support Enforcement Program, which touches the lives of one-quarter of the Nation's children. These policy changes will encourage non-custodial parents to take greater responsibility for their children while maintaining

rigorous enforcement efforts. The Budget supports States in providing access and visitation services that can improve a non-custodial parent's relationship with his or her family and increases support for States that pass child support payments through to families rather than retaining them. The program will continue to evaluate the effectiveness of providing employment services aimed at increasing child support payments from noncustodial parents. In addition, the Budget provides \$35 million for States to test strategies to overcome financial deterrents to marriage.

### **Administration of Justice**

Grant outlays for justice programs are estimated to be \$6.6 billion in 2014.

The Budget provides \$413 million to reinforce efforts to combat and respond to violent crimes against women. These grants play a critical role in helping to create a coordinated community response to this problem. As a result of prior investments in this area, civil and criminal justice systems are more responsive to victims. Crimes of violence committed against women have declined in recent years. Yet, reducing such violence and meeting the needs of the almost 1.3 million women victimized by rape and sexual assault annually, and the nearly seven million victims of intimate partner violence each year, remains a critical priority.

The Budget provides \$440 million to support evidence-based community policing in the Nation's local law enforcement agencies. While a portion of this funding will support the Comprehensive School Safety Program and be used to hire school resource officers and mental health professionals and make other investments in school safety, \$257 million is provided for the hiring and retention of police officers and sheriffs' deputies across the country, and includes a preference for the hiring of post-9/11 military veterans and school resource officers. Of the total, \$35 million is set aside for Tribal Law Enforcement to help ensure the safety and security of tribal residents. The Budget also includes \$4 billion in immediate assistance for the retention, rehiring, and hiring of police officers, as requested by the President in the American Jobs Act.

The Budget provides \$332 million for the Department's Juvenile Justice Programs and includes evidence-based investments to prevent youth violence, including \$25 million to fund the Community-Based Violence Prevention Initiative, which would provide grants to replicate successful community-based interventions to control shootings and other serious gang violence, and \$4 million for the National Forum on Youth Violence Prevention, which provides assistance for selected communities across the country to develop and implement youth violence strategies. The Budget also includes \$20 million for the Juvenile Justice Realignment Incentive Grants, which, in tandem with the \$30 million reserved for Juvenile Accountability Block Grants, will assist States that are pursuing evidence-based, juvenile justice system alignment to foster better outcomes for young people, less costly use of incarceration, and increased public safety. Further, the Budget makes available \$23 million for research and pilot proj-

ects focused on developing appropriate responses to youth exposed to violence.

The Budget includes \$222 million to help State and local governments continue implementing the Administration's proposals for increasing firearms safety and supporting programs that help keep communities safe from mass casualty violence. Included in these initiatives are \$150 million for the Comprehensive School Safety Program, \$55 million in grants to improve the submission of state criminal and mental health records to the National Instant Criminal Background Check System, \$15 million to improve police officer safety, and \$2 million to develop better gun safety mechanisms to prevent the use of firearms by unauthorized users.

The Budget provides \$119 million for the Second Chance Act Grant programs to reduce re-offending and help ex-offenders return to productive lives, \$19 million for Residential Substance Abuse Training in the Nation's prisons and jails to help break the cycle of drug offending, and \$10 million to expand Hawaii's HOPE Probation project with "swift and certain" sanctions to other sites.

The Budget also invests in several programs to promote better public safety and help reduce State and local corrections system costs. For example, the Budget invests \$44 million in Problem-Solving Grants, which support drug courts, mentally ill offender assistance, and other problem-solving approaches to work with special needs offenders while minimizing costly incarceration. The Justice Reinvestment Initiative, funded at \$85 million, works with States to reduce unnecessary incarceration and reinvest the savings in efforts that promote public safety. In coordination with the Department of Education's School Climate Transformation Grants, the Budget also requests \$20 million for a Juvenile Justice and Education Collaboration Assistance program to help reduce juvenile arrests (and the "school-to-prison pipeline") while improving school safety. With 2.3 million individuals in U.S. prisons, 1 in 32 American adults under correctional supervision, and 71,000 juveniles held in juvenile facilities, these programs aim to achieve improved public safety using evidence-based strategies and data-driven approaches.

The Budget bolsters the Administration's efforts to ensure that more Federal grant funding flows to evidence-based activities and helps to advance knowledge of what works in State and local criminal justice. To accomplish this objective, the Budget increases set-asides for research, evaluation, and statistics; couples the formula Byrne Justice Assistance Grant and Juvenile Accountability Block Grant programs with competitive incentive grants that provide "bonus" funds to States and localities for better, evidence-based use of formula funds; expands the Pay for Success initiative; adopts a more evidence-based, data-driven use of competitive grant funds; and invests in the expansion of CrimeSolutions.gov, a "what works" clearinghouse for best practices in criminal justice, juvenile justice, and crime victim services.

**Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS**

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
<b>Energy</b>						
<b>Discretionary:</b>						
Department of Energy:						
Energy Programs:						
Race to the Top for Energy Efficiency and Grid Modernization .....			200			20
Energy Efficiency and Renewable Energy .....	128	129	248	3,605	779	246
<b>Total, discretionary .....</b>	<b>128</b>	<b>129</b>	<b>448</b>	<b>3,605</b>	<b>779</b>	<b>266</b>
<b>Mandatory:</b>						
Tennessee Valley Authority:						
Tennessee Valley Authority Fund .....	618	550	536	618	550	536
<b>Total, Energy .....</b>	<b>746</b>	<b>679</b>	<b>984</b>	<b>4,223</b>	<b>1,329</b>	<b>802</b>
<b>Natural Resources and Environment</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Farm Service Agency:						
Grassroots Source Water Protection Program .....	4	4		4	4	
Natural Resources Conservation Service:						
Watershed Rehabilitation Program .....	7	7		5	3	
Watershed and Flood Prevention Operations .....	116	96		23	39	14
Forest Service:						
State and Private Forestry .....	239	248	172	240	240	217
Management of National Forest Lands for Subsistence Uses .....	3	3		2	3	1
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, Research, and Facilities .....	159	163	159	96	98	96
Pacific Coastal Salmon Recovery .....	65	65	50	79	79	86
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Regulation and Technology .....	67	68	57	48	49	41
Abandoned Mine Reclamation Fund .....				18	27	27
United States Geological Survey:						
Surveys, Investigations, and Research .....	7	6	1	7	6	1
United States Fish and Wildlife Service:						
Cooperative Endangered Species Conservation Fund .....	48	48	56	50	88	82
State Wildlife Grants .....	61	62	61	65	75	78
Landowner Incentive Program .....				9	12	5
National Park Service:						
Urban Park and Recreation Fund .....			10			1
National Recreation and Preservation .....	60	60	52	64	59	58
Land Acquisition and State Assistance .....	45	45	40	38	36	48
Historic Preservation Fund .....	56	106	59	89	68	85
Environmental Protection Agency:						
State and Tribal Assistance Grants .....	3,568	4,190	3,154	5,223	4,489	3,893
Hazardous Substance Superfund .....	19	19	18	220	198	189
Leaking Underground Storage Tank Trust Fund .....	91	96	87	129	95	90
<b>Total, discretionary .....</b>	<b>4,615</b>	<b>5,286</b>	<b>3,976</b>	<b>6,409</b>	<b>5,668</b>	<b>5,012</b>
<b>Mandatory:</b>						
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous Permanent Payment Accounts .....	44	46	5	47	40	14

Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
United States Fish and Wildlife Service:						
Coastal Impact Assistance .....				8		
Office of Surface Mining Reclamation and Enforcement:						
Payments to States in Lieu of Coal Fee Receipts .....	85	85	85	156	82	99
Abandoned Mine Reclamation Fund .....	220	210	188	172	118	178
United States Fish and Wildlife Service:						
Federal Aid in Wildlife Restoration .....	398	571	611	377	467	544
Cooperative Endangered Species Conservation Fund .....	53	63	90	53	63	65
Coastal Impact Assistance .....				85	122	130
Sport Fish Restoration .....	434	462	421	427	460	427
National Park Service:						
Urban Park and Recreation Fund .....			5			
Land Acquisition and State Assistance .....			20	1	4	4
Departmental Offices:						
National Forests Fund, Payment to States .....	10	8	8	10	8	8
Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes .....	24	26	27	24	26	27
States Share from Certain Gulf of Mexico Leases .....			3			3
Corps of Engineers--Civil Works:						
South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund .....	3	4	4	8	7	5
<b>Total, mandatory .....</b>	<b>1,271</b>	<b>1,475</b>	<b>1,467</b>	<b>1,368</b>	<b>1,397</b>	<b>1,504</b>
<b>Total, Natural Resources and Environment .....</b>	<b>5,886</b>	<b>6,761</b>	<b>5,443</b>	<b>7,777</b>	<b>7,065</b>	<b>6,516</b>
<b>Agriculture</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Departmental Management:						
Departmental Administration .....	20			20		
National Institute of Food and Agriculture:						
Extension Activities .....	405	407	405	427	410	589
Research and Education Activities .....	324	327	320	132	407	488
Agricultural Marketing Service:						
Payments to States and Possessions .....	1	1	1	1	1	1
Farm Service Agency:						
State Mediation Grants .....	4	4	4	4	4	4
<b>Total, discretionary .....</b>	<b>754</b>	<b>739</b>	<b>730</b>	<b>584</b>	<b>822</b>	<b>1,082</b>
<b>Mandatory:</b>						
Department of Agriculture:						
Agricultural Marketing Service:						
Payments to States and Possessions .....	55	55		47	54	55
Farm Service Agency:						
Commodity Credit Corporation Fund .....	4			4		
<b>Total, mandatory .....</b>	<b>59</b>	<b>55</b>		<b>51</b>	<b>54</b>	<b>55</b>
<b>Total, Agriculture .....</b>	<b>813</b>	<b>794</b>	<b>730</b>	<b>635</b>	<b>876</b>	<b>1,137</b>
<b>Commerce and Housing Credit</b>						
<b>Mandatory:</b>						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and Develop Fishery Products and Research Pertaining to American Fisheries .....	1	132	132	6	-25	-3
National Telecommunications and Information Administration:						
State and Local Implementation Fund .....		125	10		13	78

Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
Department of the Treasury:						
Departmental Offices:						
State Small Business Credit Initiative .....				172	551	380
Financial Research Fund .....	168			42		
Federal Communications Commission:						
Universal Service Fund .....	1,843	1,996	2,077	1,843	1,996	2,077
<b>Total, mandatory .....</b>	<b>2,012</b>	<b>2,253</b>	<b>2,219</b>	<b>2,063</b>	<b>2,535</b>	<b>2,532</b>
<b>Total, Commerce and Housing Credit .....</b>	<b>2,012</b>	<b>2,253</b>	<b>2,219</b>	<b>2,063</b>	<b>2,535</b>	<b>2,532</b>
<b>Transportation</b>						
<b>Discretionary:</b>						
Department of Transportation:						
Office of the Secretary:						
National Infrastructure Investments .....	480	483	480	207	319	406
Federal Aviation Administration:						
Grants-in-aid for Airports (Airport and Airway Trust Fund) .....				3,012	3,810	3,525
Grants-in-aid for Airports (Airport and Airway Trust Fund) (non-add obligation limitations) <sup>1</sup> .....	3,350	3,371	2,900			
Federal Highway Administration:						
Emergency Relief Program .....	1,662	2,022		1,026	874	1,048
Highway Infrastructure Investment, Recovery Act .....				3,028	1,285	277
Highway Infrastructure Programs .....				186	135	80
Appalachian Development Highway System .....				16	27	30
Federal-aid Highways .....				39,032	39,657	40,065
Federal-aid Highways (non-add obligation limitations) <sup>1</sup> .....	39,144	37,844	38,956			
Miscellaneous Appropriations .....				87	84	69
Miscellaneous Transportation Trust Funds .....				11	35	36
Federal Motor Carrier Safety Administration:						
Motor Carrier Safety Grants .....				274	283	311
Motor Carrier Safety Grants (non-add obligation limitations) <sup>1</sup> .....	307	309	313			
National Highway Traffic Safety Administration:						
Highway Traffic Safety Grants .....				490	402	434
Highway Traffic Safety Grants (non-add obligation limitations) <sup>1</sup> .....	550	554	562			
Federal Railroad Administration:						
Emergency Railroad Rehabilitation and Repair .....				4	5	
Intercity Passenger Rail Grant Program .....				8	13	20
Rail Line Relocation and Improvement Program .....				12	20	20
Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service .....				508	1,089	2,246
Federal Transit Administration:						
Transit Capital Assistance, Recovery Act .....				1,039	658	334
Fixed Guideway Infrastructure Investment, Recovery Act .....				128	90	3
Job Access and Reverse Commute Grants .....				5	7	7
Washington Metropolitan Area Transit Authority .....	150	151	150	91	188	232
Formula Grants .....				171	224	143
Grants for Energy Efficiency and Greenhouse Gas Reductions .....				11	25	25
Capital Investment Grants .....	1,886	1,923	1,981	2,443	2,452	2,569
Public Transportation Emergency Relief Program .....		10,894	25		1,089	2,731
Discretionary Grants (Transportation Trust Fund, Mass Transit Account) .....				13	9	9
Transit Formula Grants .....				8,197	9,252	9,886
Transit Formula Grants (non-add obligation limitations) <sup>1</sup> .....	9,904	9,712	9,895			
Pipeline and Hazardous Materials Safety Administration:						
Pipeline Safety .....	34	37	56	25	42	47
Trust Fund Share of Pipeline Safety .....	5	5	5	5	5	5

Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
<b>Total, discretionary</b> .....	<b>4,217</b>	<b>15,515</b>	<b>2,697</b>	<b>60,029</b>	<b>62,079</b>	<b>64,558</b>
<i>Total, obligation limitations (non-add) <sup>1</sup></i> .....	53,255	51,790	52,626	.....	.....	.....
<b>Mandatory:</b>						
Department of Homeland Security:						
United States Coast Guard:						
Boat Safety .....	108	116	104	113	141	118
Department of Transportation:						
Immediate Transportation Investments .....	.....	.....	50,000	.....	.....	5,600
Federal Aviation Administration:						
Grants-in-aid for Airports (Airport and Airway Trust Fund) <sup>1</sup> .....	3,205	3,203	2,748	.....	.....	.....
Federal Highway Administration:						
Federal-aid Highways <sup>1</sup> .....	38,199	38,695	39,251	602	596	616
Miscellaneous Appropriations .....	5	63	.....	5	63	.....
Federal Motor Carrier Safety Administration:						
Motor Carrier Safety Grants <sup>1</sup> .....	306	310	313	.....	.....	.....
National Highway Traffic Safety Administration:						
Highway Traffic Safety Grants <sup>1</sup> .....	525	528	536	.....	.....	.....
Federal Railroad Administration:						
Rail Service Improvement Program .....	.....	.....	3,660	.....	.....	225
Federal Transit Administration:						
Transit Formula Grants <sup>1</sup> .....	9,889	9,778	9,895	.....	.....	.....
<b>Total, mandatory</b> .....	<b>52,237</b>	<b>52,693</b>	<b>106,507</b>	<b>720</b>	<b>800</b>	<b>6,559</b>
<b>Total, Transportation</b> .....	<b>56,454</b>	<b>68,208</b>	<b>109,204</b>	<b>60,749</b>	<b>62,879</b>	<b>71,117</b>
<b>Community and Regional Development</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Rural Utilities Service:						
Distance Learning, Telemedicine, and Broadband Program .....	37	85	39	587	739	647
Rural Water and Waste Disposal Program Account .....	456	436	304	836	1,000	782
Rural Housing Service:						
Rural Community Facilities Program Account .....	43	29	17	84	72	49
Rural Business Cooperative Service:						
Rural Business and Cooperative Grants .....	.....	.....	18	.....	.....	.....
Rural Business Program Account .....	253	75	.....	210	206	39
Department of Commerce:						
Economic Development Administration:						
Economic Development Assistance Programs .....	417	221	282	393	446	360
Department of Homeland Security:						
Federal Emergency Management Agency:						
State and Local Programs .....	2,282	2,301	2,123	3,857	3,360	3,150
United States Fire Administration and Training .....	3	3	1	3	3	3
Disaster Relief Fund .....	7,076	7,080	1,204	6,346	3,132	4,818
National Flood Insurance Fund .....	.....	10	10	.....	10	10
Department of Housing and Urban Development:						
Community Planning and Development:						
Community Development Fund .....	3,408	19,308	3,128	6,794	6,402	10,066
Community Development Loan Guarantees Program Account .....	6	6	.....	4	8	8
Brownfields Redevelopment .....	.....	.....	.....	16	12	12
Office of Lead Hazard Control and Healthy Homes:						
Lead Hazard Reduction .....	120	121	119	148	130	130

**Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
Department of the Interior:						
Bureau of Indian Affairs and Bureau of Indian Education:						
Operation of Indian Programs .....	159	159	159	159	157	164
Indian Guaranteed Loan Program Account .....	10	7	5	10	7	7
Appalachian Regional Commission .....	60	62	57	76	73	75
Delta Regional Authority .....	11	12	11	14	30	15
Denali Commission .....	16	11	7	37	59	2
<b>Total, discretionary .....</b>	<b>14,357</b>	<b>29,926</b>	<b>7,484</b>	<b>19,574</b>	<b>15,846</b>	<b>20,337</b>
<b>Mandatory:</b>						
Department of Homeland Security:						
Federal Emergency Management Agency:						
First Responder Stabilization Fund .....		1,000				50
National Flood Insurance Fund .....		173	106		173	108
Department of Housing and Urban Development:						
Community Planning and Development:						
Community Development Loan Guarantees Program Account .....	7	8		7	8	
Neighborhood Stabilization Program .....		15,000		677	1,030	379
Department of the Treasury:						
Fiscal Service:						
Gulf Coast Restoration Trust Fund .....		120	120		60	180
<b>Total, mandatory .....</b>	<b>7</b>	<b>16,301</b>	<b>226</b>	<b>684</b>	<b>1,271</b>	<b>717</b>
<b>Total, Community and Regional Development .....</b>	<b>14,364</b>	<b>46,227</b>	<b>7,710</b>	<b>20,258</b>	<b>17,117</b>	<b>21,054</b>
<b>Education, Training, Employment, and Social Services</b>						
<b>Discretionary:</b>						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public Telecommunications Facilities, Planning and Construction .....				10	6	
Information Infrastructure Grants .....	-2	-1				
Department of Education:						
Office of Elementary and Secondary Education:						
School Readiness .....			750			38
Indian Student Education .....	125	126	125	120	112	125
Impact Aid .....	1,286	1,292	1,219	1,302	1,420	1,299
Supporting Student Success .....	196	198	1,532	329	358	257
Accelerating Achievement and Ensuring Equity .....	15,677	15,728	14,839	17,047	17,375	16,518
Education Improvement Programs .....	4,416	4,436	2,632	4,823	4,543	4,394
State Fiscal Stabilization Fund, Recovery Act .....				1,583	1,865	1,000
Office of Innovation and Improvement:						
Innovation and Instructional Teams .....	1,233	1,240	4,977	748	1,380	2,152
Office of English Language Acquisition:						
English Learner Education .....	689	692	685	684	713	735
Office of Special Education and Rehabilitative Services:						
Special Education .....	11,730	12,456	11,617	13,335	12,864	12,995
Rehabilitation Services and Disability Research .....	147	150	118	145	168	132
American Printing House for the Blind .....	25	25	25	25	30	26
Office of Vocational and Adult Education:						
Career, Technical and Adult Education .....	1,719	1,720	1,717	1,846	1,747	1,457
Office of Postsecondary Education:						
Higher Education .....	301	453	451	396	309	386
Office of Federal Student Aid:						
Student Financial Assistance .....				6	6	
Institute of Education Sciences .....	38	53	53	101	44	46

**Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
Hurricane Education Recovery .....	.....	.....	.....	15	8	.....
Department of Health and Human Services:						
Administration for Children and Families:						
Supporting Healthy Families and Adolescent Development .....	61	62	62	55	63	63
Children and Families Services Programs .....	9,550	9,698	10,712	9,492	9,437	10,056
Administration for Community Living:						
Aging and Disability Services Programs .....	1,470	1,480	2,043	1,484	1,474	1,830
Department of the Interior:						
Bureau of Indian Affairs and Bureau of Indian Education:						
Operation of Indian Programs .....	111	111	111	106	103	106
Department of Labor:						
Employment and Training Administration:						
Training and Employment Services .....	2,824	2,831	2,924	3,040	2,939	2,662
Community Service Employment for Older Americans .....	.....	.....	.....	299	11	.....
State Unemployment Insurance and Employment Service Operations ..	87	87	113	64	44	125
States Paid Leave Fund .....	.....	.....	5	.....	.....	.....
Unemployment Trust Fund .....	955	995	995	951	925	953
Corporation for National and Community Service:						
Operating Expenses .....	496	496	496	363	266	270
Corporation for Public Broadcasting .....	444	445	445	444	445	445
District of Columbia:						
District of Columbia General and Special Payments:						
Federal Payment for Resident Tuition Support .....	30	30	35	30	30	35
Federal Payment for School Improvement .....	60	60	52	60	60	52
Institute of Museum and Library Services:						
Office of Museum and Library Services: Grants and Administration .....	217	217	210	235	261	258
National Endowment for the Arts:						
National Endowment for the Arts: Grants and Administration .....	45	46	50	50	46	48
<b>Total, discretionary .....</b>	<b>53,930</b>	<b>55,126</b>	<b>58,993</b>	<b>59,188</b>	<b>59,052</b>	<b>58,463</b>
<b>Mandatory:</b>						
Department of Education:						
Office of Elementary and Secondary Education:						
Education Jobs Fund .....	.....	.....	.....	3,484	229	.....
School Readiness .....	.....	.....	1,300	.....	.....	130
American Jobs Act .....	.....	12,500	.....	.....	625	11,875
Office of Innovation and Improvement:						
Innovation and Instructional Teams .....	.....	5,000	.....	.....	100	2,650
Office of Special Education and Rehabilitative Services:						
Rehabilitation Services and Disability Research .....	3,121	3,231	3,302	2,917	3,350	3,778
Department of Health and Human Services:						
Administration for Children and Families:						
Supporting Healthy Families and Adolescent Development .....	476	478	463	413	439	451
Social Services Block Grant .....	1,785	2,285	1,785	1,715	1,964	2,062
Department of Labor:						
Employment and Training Administration:						
American Jobs Act and Community College to Career Fund .....	.....	16,500	.....	.....	825	13,750
TAA Community College and Career Training Grant Fund .....	500	500	500	40	219	832
Universal Displaced Workers Program .....	.....	.....	2,202	.....	.....	2,202
Federal Unemployment Benefits and Allowances .....	575	575	196	369	335	300
<b>Total, mandatory .....</b>	<b>6,457</b>	<b>41,069</b>	<b>9,748</b>	<b>8,938</b>	<b>8,086</b>	<b>38,030</b>
<b>Total, Education, Training, Employment, and Social Services .....</b>	<b>60,387</b>	<b>96,195</b>	<b>68,741</b>	<b>68,126</b>	<b>67,138</b>	<b>96,493</b>

**Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
<b>Health</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and Expenses .....	50	51	52	47	50	52
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services .....	2,847	2,923	2,871	2,648	2,487	2,503
Centers for Disease Control and Prevention:						
CDC-Wide Activities and Program Support .....	1,471	2,195	2,271	1,895	746	810
Substance Abuse and Mental Health Services Administration:						
Substance Abuse and Mental Health Services Administration .....	2,823	2,615	2,663	2,741	3,233	3,068
Departmental Management:						
Public Health and Social Services Emergency Fund .....	380	382	255	395	443	128
Prevention and Wellness Fund, Recovery Act .....	.....	.....	.....	14	.....	.....
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and Expenses .....	115	116	116	115	116	116
Mine Safety and Health Administration:						
Salaries and Expenses .....	9	9	1	9	9	1
<b>Total, discretionary .....</b>	<b>7,695</b>	<b>8,291</b>	<b>8,229</b>	<b>7,864</b>	<b>7,084</b>	<b>6,678</b>
<b>Mandatory:</b>						
Department of Health and Human Services:						
Health Resources and Services Administration:						
Maternal, Infant, and Early Childhood Home Visiting Programs .....	350	400	400	122	401	318
Centers for Medicare and Medicaid Services:						
Rate Review Grants .....	.....	.....	.....	22	100	80
Affordable Insurance Exchange Grants .....	1,655	2,751	1,343	167	1,457	2,061
Grants to States for Medicaid .....	270,724	269,384	284,052	250,534	266,565	303,634
Children's Health Insurance Fund .....	8,659	11,083	15,368	9,065	9,897	9,992
State Grants and Demonstrations .....	528	530	532	477	788	749
Child Enrollment Contingency Fund .....	.....	3	4	.....	125	100
Departmental Management:						
Pregnancy Assistance Fund .....	25	25	25	26	27	21
<b>Total, mandatory .....</b>	<b>281,941</b>	<b>284,176</b>	<b>301,724</b>	<b>260,413</b>	<b>279,360</b>	<b>316,955</b>
<b>Total, Health .....</b>	<b>289,636</b>	<b>292,467</b>	<b>309,953</b>	<b>268,277</b>	<b>286,444</b>	<b>323,633</b>
<b>Income Security</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for Strengthening Markets, Income, and Supply (section 32) ....	.....	-300	-166	.....	-300	-166
Food and Nutrition Service:						
Commodity Assistance Program .....	244	260	272	238	259	271
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) .....	7,018	6,659	7,142	6,837	6,670	7,007
Department of Health and Human Services:						
Administration for Children and Families:						
Low Income Home Energy Assistance .....	3,472	3,493	3,020	3,817	3,704	2,936
Refugee and Entrant Assistance .....	504	625	635	633	722	716
Payments to States for the Child Care and Development Block Grant ..	2,269	2,283	2,469	2,191	2,277	2,433

**Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
Department of Homeland Security:						
Federal Emergency Management Agency:						
Emergency Food and Shelter .....	120	121	100	90	226	106
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public Housing Operating Fund .....	3,962	3,986	4,560	4,220	3,923	4,399
Revitalization of Severely Distressed Public Housing (HOPE VI) .....	.....	.....	.....	129	130	130
Native Hawaiian Housing Block Grant .....	13	13	13	3	13	16
Tenant Based Rental Assistance .....	18,264	19,006	19,996	17,952	18,919	19,956
Project-based Rental Assistance .....	289	260	265	167	260	265
Public Housing Capital Fund .....	1,875	1,886	1,979	2,631	2,500	2,388
Native American Housing Block Grant .....	650	654	647	751	650	673
Choice Neighborhoods .....	120	121	398	.....	8	36
Family Self-Sufficiency .....	.....	.....	75	.....	.....	.....
Rental Assistance Demonstration .....	.....	.....	10	.....	.....	.....
Community Planning and Development:						
Homeless Assistance Grants .....	703	902	1,123	1,171	810	779
Home Investment Partnership Program .....	1,000	1,006	945	1,781	1,624	1,392
Housing Opportunities for Persons with AIDS .....	332	334	332	334	325	316
Rural Housing and Economic Development .....	.....	.....	.....	11	20	7
Permanent Supportive Housing .....	.....	.....	.....	10	12	7
Department of Labor:						
Employment and Training Administration:						
Unemployment Trust Fund .....	3,421	3,421	3,446	2,128	1,591	1,623
<b>Total, discretionary .....</b>	<b>44,256</b>	<b>44,730</b>	<b>47,261</b>	<b>45,094</b>	<b>44,343</b>	<b>45,290</b>
<b>Mandatory:</b>						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for Strengthening Markets, Income, and Supply (section 32) .....	795	1,043	1,052	791	1,071	1,052
Food and Nutrition Service:						
Supplemental Nutrition Assistance Program .....	6,888	6,956	7,238	6,832	6,949	7,123
Commodity Assistance Program .....	21	21	21	21	21	21
Child Nutrition Programs .....	18,284	19,696	20,526	18,287	20,844	20,557
Department of Health and Human Services:						
Administration for Children and Families:						
Payments to States for Child Support Enforcement and Family Support Programs .....	3,836	4,004	4,075	3,957	3,994	4,045
Contingency Fund .....	612	612	293	678	876	487
Payments for Foster Care and Permanency .....	7,006	6,920	7,011	6,846	6,744	6,901
Child Care Entitlement to States .....	2,917	2,917	3,417	2,828	2,908	3,322
Temporary Assistance for Needy Families .....	16,739	16,739	17,058	16,136	16,848	17,271
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public Housing Capital Fund .....	.....	.....	.....	88	.....	.....
Community Planning and Development:						
Housing Trust Fund .....	.....	.....	1,000	.....	.....	10
Department of Labor:						
Employment and Training Administration:						
Universal Displaced Workers Program .....	.....	.....	1,843	.....	.....	1,843
Unemployment Trust Fund .....	389	.....	.....	389	.....	.....
Department of the Treasury:						
Departmental Offices:						
Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credit Allocations .....	.....	.....	.....	627	.....	.....

**Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
<b>Total, mandatory</b> .....	<b>57,487</b>	<b>58,908</b>	<b>63,534</b>	<b>57,480</b>	<b>60,255</b>	<b>62,632</b>
<b>Total, Income Security</b> .....	<b>101,743</b>	<b>103,638</b>	<b>110,795</b>	<b>102,574</b>	<b>104,598</b>	<b>107,922</b>
<b>Social Security</b>						
<b>Mandatory:</b>						
Social Security Administration:						
Federal Disability Insurance Trust Fund .....	15	19	18	29	19	18
<b>Veterans Benefits and Services</b>						
<b>Discretionary:</b>						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical Services .....	852	975	1,066	852	975	1,066
Departmental Administration:						
Grants for Construction of State Extended Care Facilities .....	85	86	83	201	105	93
Grants for Construction of Veterans Cemeteries .....	46	46	45	28	33	32
<b>Total, discretionary</b> .....	<b>983</b>	<b>1,107</b>	<b>1,194</b>	<b>1,081</b>	<b>1,113</b>	<b>1,191</b>
<b>Total, Veterans Benefits and Services</b> .....	<b>983</b>	<b>1,107</b>	<b>1,194</b>	<b>1,081</b>	<b>1,113</b>	<b>1,191</b>
<b>Administration of Justice</b>						
<b>Discretionary:</b>						
Department of Housing and Urban Development:						
Fair Housing and Equal Opportunity:						
Fair Housing Activities .....	71	71	71	70	72	79
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets Forfeiture Fund .....	21	21	21	18	20	-1
Office of Justice Programs:						
Research, Evaluation, and Statistics .....	83	42	73	124	158	101
State and Local Law Enforcement Assistance .....	1,014	1,038	884	1,560	1,575	1,170
Juvenile Justice Programs .....	211	208	280	335	342	328
Community Oriented Policing Services .....	162	163	426	611	655	367
Violence against Women Prevention and Prosecution Programs .....	388	382	392	396	478	523
Equal Employment Opportunity Commission:						
Salaries and Expenses .....	30	30	30	30	30	30
Federal Drug Control Programs:						
High-intensity Drug Trafficking Areas Program .....	219	240	193	217	304	192
State Justice Institute:						
State Justice Institute: Salaries and Expenses .....	5	5	5	4	7	6
<b>Total, discretionary</b> .....	<b>2,204</b>	<b>2,200</b>	<b>2,375</b>	<b>3,365</b>	<b>3,641</b>	<b>2,795</b>
<b>Mandatory:</b>						
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets Forfeiture Fund .....	839	589	573	524	560	197
Office of Justice Programs:						
Community Oriented Policing Stabilization Fund .....	.....	3,992	.....	.....	.....	2,392
Crime Victims Fund .....	655	649	750	648	712	920
Department of the Treasury:						
Departmental Offices:						
Treasury Forfeiture Fund .....	139	961	305	153	464	271
<b>Total, mandatory</b> .....	<b>1,633</b>	<b>6,191</b>	<b>1,628</b>	<b>1,325</b>	<b>1,736</b>	<b>3,780</b>
<b>Total, Administration of Justice</b> .....	<b>3,837</b>	<b>8,391</b>	<b>4,003</b>	<b>4,690</b>	<b>5,377</b>	<b>6,575</b>

Table 17-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	2012 Actual	2013 CR	2014 Estimate	2012 Actual	2013 CR	2014 Estimate
<b>General Government</b>						
<b>Discretionary:</b>						
Department of the Interior:						
United States Fish and Wildlife Service:						
National Wildlife Refuge Fund .....	14	14	.....	14	14	.....
Insular Affairs:						
Assistance to Territories .....	60	61	61	54	42	72
Trust Territory of the Pacific Islands .....	.....	.....	.....	1	.....	.....
District of Columbia:						
District of Columbia Courts:						
Federal Payment to the District of Columbia Courts .....	243	234	223	260	211	229
Defender Services in District of Columbia Courts .....	45	55	50	51	62	59
District of Columbia General and Special Payments:						
Federal Support for Economic Development and Management Reforms in the District .....	23	23	33	23	23	33
Election Assistance Commission:						
Election Reform Programs .....	.....	.....	.....	6	5	5
<b>Total, discretionary .....</b>	<b>385</b>	<b>387</b>	<b>367</b>	<b>409</b>	<b>357</b>	<b>398</b>
<b>Mandatory:</b>						
Department of Agriculture:						
Forest Service:						
Forest Service Permanent Appropriations .....	365	300	347	383	255	340
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act .....	3	3	3	5	3	3
Department of Homeland Security:						
Customs and Border Protection:						
Refunds, Transfers, and Expenses of Operation, Puerto Rico .....	107	103	99	121	127	99
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Payments to States in Lieu of Coal Fee Receipts .....	180	44	.....	.....	339	137
United States Fish and Wildlife Service:						
National Wildlife Refuge Fund .....	8	8	8	7	6	8
Departmental Offices:						
Mineral Leasing and Associated Payments .....	2,050	2,017	2,100	2,050	2,017	2,100
National Petroleum Reserve, Alaska .....	5	3	.....	5	3	.....
Geothermal Lease Revenues, Payment to Counties .....	4	4	.....	4	4	.....
Insular Affairs:						
Assistance to Territories .....	28	28	28	21	29	36
Payments to the United States Territories, Fiscal Assistance .....	313	340	315	313	340	315
Department-Wide Programs:						
Payments in Lieu of Taxes .....	393	401	410	393	401	410
Department of the Treasury:						
Alcohol and Tobacco Tax and Trade Bureau:						
Internal Revenue Collections for Puerto Rico .....	376	616	433	376	616	433
<b>Total, mandatory .....</b>	<b>3,832</b>	<b>3,867</b>	<b>3,743</b>	<b>3,678</b>	<b>4,140</b>	<b>3,881</b>
<b>Total, General Government .....</b>	<b>4,217</b>	<b>4,254</b>	<b>4,110</b>	<b>4,087</b>	<b>4,497</b>	<b>4,279</b>
<b>Total, Grants .....</b>	<b>541,093</b>	<b>630,993</b>	<b>625,104</b>	<b>544,569</b>	<b>560,987</b>	<b>643,269</b>
<b>Discretionary .....</b>	<b>133,524</b>	<b>163,436</b>	<b>133,754</b>	<b>207,202</b>	<b>200,784</b>	<b>206,070</b>
<i>Transportation obligation limitations (non-add) <sup>1</sup> .....</i>	53,255	51,790	52,626	.....	.....	.....
<b>Mandatory .....</b>	<b>407,569</b>	<b>467,557</b>	<b>491,350</b>	<b>337,367</b>	<b>360,203</b>	<b>437,199</b>

<sup>1</sup> Mandatory contract authority provides budget authority for these programs, but program levels are set by discretionary obligation limitations in appropriations bills and outlays are recorded as discretionary. This table shows the obligation limitations as non-additive items to avoid double counting.

## HISTORICAL PERSPECTIVES

The 19th century witnessed national expansion and a growth in Federal aid. With westward development and population growth, Congress recognized a great need for internal improvement projects. Many early grants came in the form of land and were used for canals, waterways, roads and railroads, although, at that time, grants were made to individuals, corporations, and territories since most of the States of the trans-Mississippi west did not enter the Union until after the Civil War.

The rudiments of the present system of State grants-in-aid date back to the Civil War. After the War, key Supreme Court decisions expanded Federal powers under the Necessary and Proper Clause of the Constitution. Congress supported westward expansion with the Pacific Railroad Act of 1862, which enabled the government to charter railroad corporations that constructed a trans-continental railroad. The Morrill Act, passed in 1862, established the land grant colleges and instituted certain federally required standards for States that received the grants, as is characteristic of present-day grant programs.

The Weeks Act of 1911 is an early example of the modern grant-in-aid program model because it contained several mechanisms that became common in future grants, including conditioning the receipt of Federal funds on approval of State plans, requiring matching State funds, and specifying the oversight role of Federal officials.<sup>12</sup> In 1914, Congress passed the Smith-Lever Act, another early grant-in-aid program which distributed millions of dollars in agricultural assistance to States for extension services by the land grant universities.

During the Great Depression, the reach of Federal grants-in-aid expanded to meet income security and other social welfare needs. The Federal Emergency Relief Act of 1933 was the first piece of legislation that specifically provided fiscal relief to States through grants.<sup>13</sup> However, Federal grants did not become a significant portion of Federal Government expenditures until after World War II. During the mid-part of the 20th century, the Eisenhower Administration made great investments in the national infrastructure system through the creation of the Interstate Highway program.

As shown in Table 17-2,<sup>14</sup> Federal grants for transportation were \$3.0 billion, or 43 percent of all Federal grants, in 1960 due to the initiation of aid-to-States to build the Interstate Highway System in the late 1950s. Transportation is now the fourth largest grant category and accounted for 11 percent of total grant outlays in 2012.

By 1970 there had been significant increases in grant funding for education, training, employment, and social services. This function was the largest grant category in 1970 and accounted for 27 percent of total grant outlays. In 2012, education, training, employment, and social services constituted 12 percent of total grant outlays. Also, in the early and mid-1970s, major new grants were created for community and regional development (e.g. community development block grants), natural resources and environment (e.g. construction of sewage treatment plants), and general government (e.g. general revenue sharing). In 2012, outlays for community and regional development grants were 3.7 percent of total grant spending. Outlays for natural resources and environment grants were 1.4 percent in the same year, and outlays for grants in the general government category made up less than one percent of total grant outlays.

Since 1980, changes in the relative amounts among functions reflect steady growth of grants for health (primarily Medicaid) and income security. In 1980, grants for health programs composed 17 percent of total grant spending. This amount grew to 32 percent in 1990 and 48 percent in 2010. In 2012, expenditures for health grants were \$268.3 billion and 49 percent of total Federal grant spending.

Grants for income security programs accounted for 20 percent of grant funding in 1980, 27 percent in 1990 and 19 percent in 2010. Expenditures for income security grants were \$102.6 billion and 19 percent of Federal grant spending in 2012.

Section B of Table 17-2 distributes grants between mandatory and discretionary spending. Programs whose funding is provided directly in authorizing legislation are categorized as mandatory. Funding levels for most mandatory programs can only be changed by changing eligibility criteria or benefit formulas established in law and are usually not limited by the annual appropriations process.<sup>15</sup> Outlays for mandatory grant programs were \$337.4 billion in 2012. As shown in Table 17-1, the three largest mandatory grant programs in 2012 were Medicaid, with outlays of \$250.5 billion; Temporary Assistance for Needy Families, \$16.1 billion; and Child Nutrition Programs, which include the School Breakfast Program, the National School Lunch Program and others, \$18.3 billion. In 2014 grants-in-aid with mandatory funding are estimated to have outlays of \$437.2 billion, an increase of \$99.8 billion from 2012.

Funding levels for discretionary grant programs are determined annually through appropriations acts. Outlays for discretionary grant programs were \$207.2 billion in 2012. As shown in Table 17-1, the three largest discretionary programs in 2012 were Federal-aid Highways, \$39.0 billion; Tenant Based Rental Assistance, \$18.0 billion; and Accelerating Achievement and Ensuring Equity (Education for the Disadvantaged), \$17.0 billion. In 2014, grants-in-aid with discretionary funding are estimated to

<sup>12</sup> Canada, Ben. February 19, 2003. *Federal Grants to State and Local Governments: A Brief History*. Congressional Research Service, The Library of Congress.

<sup>13</sup> Ibid.

<sup>14</sup> Table 17-2 displays trends in Federal grants to State and local governments since 1960. Section A shows Federal grants by function. Functions with a substantial amount of grant funding are broken out on separate lines. Grants for national defense, energy, social security, and veterans benefits and services functions are combined on the "Other" line.

<sup>15</sup> For more information on these categories, see Chapter 12, "Budget Concepts," in this volume.

have outlays of \$206.1 billion, a decrease of \$1.1 billion from 2012.

Section C of Table 17–2 divides grants among three major categories: payments for individuals, grants for physical capital, and other grants. Grant outlays for payments for individuals, which are primarily entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. They increased from about a third of the total in 1960 to slightly less than two-thirds in the mid-1990s, and have remained about that proportion since. These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid. Temporary Assistance for Needy Families, child nutrition programs, and housing assistance are also large grants in this category. Grant spending in the payments for individuals category equaled \$387.8 billion in 2012 or 64 percent of total grant spending.

Grants for physical capital assist States and localities with construction and other physical capital activities. The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment

plant construction, and community development. Grants for physical capital were almost half of total grants in 1960 shortly after grants began for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 2012, grants for physical capital were \$85.2 billion, 16 percent of total grants.

All other grants are captured in the “other” category. These grants were 18 percent of total grants in 2012 and totaled \$99.3 billion.

Section D of Table 17-2 shows grants as a percent of Federal outlays, State and local expenditures, and gross domestic product. Grants have increased as a percent of total Federal outlays from 11 percent in 1990 to 18 percent in 2010 and were 15 percent in 2012. Grants as a percent of domestic programs were 16 percent in 2012. Federal grants have increased as a percent of total State and local expenditures since 1990 when they were 19 percent. In 2010, spending for grants was 28 percent of total State and local expenditures and in 2012 it was 24 percent.

Section E shows the relative contribution of physical capital grants in assisting States and localities with gross investment. Federal capital grants are estimated to be 27 percent of State and local gross investment in 2012.

Table 17-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

(Outlays in billions of dollars)

	Actual									Estimate	
	1960	1970	1980	1990	2000	2005	2010	2011	2012	2013 CR	2014
<b>A. Distribution of grants by function:</b>											
Natural resources and environment .....	0.1	0.4	5.4	3.7	4.6	5.9	9.1	8.3	7.8	7.1	6.5
Agriculture .....	0.2	0.6	0.6	1.3	0.7	0.9	0.8	0.9	0.6	0.9	1.1
Transportation .....	3.0	4.6	13.0	19.2	32.2	43.4	61.0	61.0	60.7	62.9	71.1
Community and regional development .....	0.1	1.8	6.5	5.0	8.7	20.2	18.8	19.9	20.3	17.1	21.1
Education, training, employment, and social services .....	0.5	6.4	21.9	21.8	36.7	57.2	97.6	89.1	68.1	67.1	96.5
Health .....	0.2	3.8	15.8	43.9	124.8	197.8	290.2	292.8	268.3	286.4	323.6
Income security .....	2.6	5.8	18.5	36.8	68.7	90.9	115.2	113.6	102.6	104.6	107.9
Administration of justice .....	.....	0.0	0.5	0.6	5.3	4.8	5.1	4.9	4.7	5.4	6.6
General government .....	0.2	0.5	8.6	2.3	2.1	4.4	5.2	7.6	4.1	4.5	4.3
Other .....	0.0	0.1	0.7	0.8	2.1	2.6	5.4	8.5	7.4	5.0	4.5
<b>Total .....</b>	<b>7.0</b>	<b>24.1</b>	<b>91.4</b>	<b>135.3</b>	<b>285.9</b>	<b>428.0</b>	<b>608.4</b>	<b>606.8</b>	<b>544.6</b>	<b>561.0</b>	<b>643.3</b>
<b>B. Distribution of grants by BEA category:</b>											
Discretionary .....	N/A	10.2	53.3	63.3	116.7	181.7	207.7	189.8	207.2	200.8	206.1
Mandatory .....	N/A	13.9	38.1	72.0	169.2	246.3	400.7	416.9	337.4	360.2	437.2
<b>Total .....</b>	<b>7.0</b>	<b>24.1</b>	<b>91.4</b>	<b>135.3</b>	<b>285.9</b>	<b>428.0</b>	<b>608.4</b>	<b>606.8</b>	<b>544.6</b>	<b>561.0</b>	<b>643.3</b>
<b>C. Composition:</b>											
Current dollars:											
Payments for individuals <sup>1</sup> .....	2.5	8.7	32.6	77.3	182.6	273.9	384.5	387.8	360.1	382.2	421.3
Physical capital <sup>1</sup> .....	3.3	7.1	22.6	27.2	48.7	60.8	93.3	96.5	85.2	83.1	92.7
Other grants .....	1.2	8.3	36.2	30.9	54.6	93.3	130.6	122.4	99.3	95.7	129.3
<b>Total .....</b>	<b>7.0</b>	<b>24.1</b>	<b>91.4</b>	<b>135.3</b>	<b>285.9</b>	<b>428.0</b>	<b>608.4</b>	<b>606.8</b>	<b>544.6</b>	<b>561.0</b>	<b>643.3</b>
Percentage of total grants:											
Payments for individuals <sup>1</sup> .....	35.3%	36.2%	35.7%	57.1%	63.9%	64.0%	63.2%	63.9%	66.1%	68.1%	65.5%
Physical capital <sup>1</sup> .....	47.3%	29.3%	24.7%	20.1%	17.0%	14.2%	15.3%	15.9%	15.6%	14.8%	14.4%
Other grants .....	17.4%	34.5%	39.6%	22.8%	19.1%	21.8%	21.5%	20.2%	18.2%	17.1%	20.1%
<b>Total .....</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Constant (FY 2005) dollars:											
Payments for individuals <sup>1</sup> .....	13.3	37.3	71.1	107.6	203.2	273.9	344.0	339.6	307.6	320.1	345.3
Physical capital <sup>1</sup> .....	19.6	31.4	44.9	37.6	56.5	60.8	76.0	76.9	66.4	63.0	68.1
Other grants .....	12.3	55.0	111.1	53.0	67.0	93.3	112.5	103.2	81.7	76.7	100.3
<b>Total .....</b>	<b>45.3</b>	<b>123.7</b>	<b>227.1</b>	<b>198.1</b>	<b>326.8</b>	<b>428.0</b>	<b>532.5</b>	<b>519.7</b>	<b>455.7</b>	<b>459.9</b>	<b>513.7</b>
<b>D. Total grants as a percent of:</b>											
Federal outlays:											
Total .....	7.6%	12.3%	15.5%	10.8%	16.0%	17.3%	17.6%	16.8%	15.4%	15.2%	17.0%
Domestic programs <sup>2</sup> .....	18.0%	23.2%	22.2%	17.1%	22.0%	23.5%	23.3%	22.4%	16.2%	16.1%	18.0%
State and local expenditures .....	14.8%	20.1%	27.4%	18.9%	22.2%	24.5%	28.4%	27.5%	24.5%	N/A	N/A
Gross domestic product .....	1.4%	2.4%	3.4%	2.4%	2.9%	3.4%	4.2%	4.1%	3.5%	3.5%	3.8%
<b>E. As a share of total State and local gross investments:</b>											
Federal capital grants .....	24.6%	25.4%	35.4%	21.9%	22.0%	22.0%	27.5%	29.7%	26.8%	25.5%	27.2%
State and local own-source financing .....	75.4%	74.6%	64.6%	78.1%	78.0%	78.0%	72.5%	70.3%	73.2%	74.5%	72.8%
<b>Total .....</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

N/A: Not available at publishing.

<sup>1</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.<sup>2</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

## OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Over the past two years, the Administration has worked with stakeholders to better direct financial assistance to achieve outcomes by reforming administrative procedures to reduce the risk of waste, fraud, and abuse, and lessen the administrative burdens. In February 2013, OMB published a proposal to this effect that would streamline eight previously overlapping sets of guidance into one. The proposal is available for public comment until June 2, 2013 on *regulations.gov* under docket OMB-2013-0001.

Additional information regarding aid to State and local governments can be found elsewhere in this Budget. Major public physical capital investment programs providing Federal grants to State and local governments are identified in Chapter 20, "Federal Investment," in this volume. Summary and detailed data for grants to State and local governments can be found in many sections of a separate volume of the Budget entitled Historical Tables. Section 12 of that document is devoted exclusively to grants to State and local governments. Additional information on grants can be found in Section 6, Composition of Federal Government Outlays; Section 9, Federal Government Outlays for Major Public Physical Capital, Research and Development, and Education and Training; Section 11, Federal Government Payments for Individuals; and Section 15, Total (Federal and State and Local) Government Finances.

In addition, a number of other sources provide State-by-State spending data, information on how to apply for Federal aid, or display information about audits but use a slightly different concept of grants.

The website *Grants.gov* is a primary source of information for communities wishing to apply for grants and other domestic assistance. *Grants.gov* hosts all open notices of opportunities to apply for Federal grants. The *Catalog of Federal Domestic Assistance* hosted by the General Services Administration contains detailed list-

ings of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information. The *Catalog* is available on the Internet at *www.cfda.gov*.

Current and updated grant receipt information by State and local governments and other non-Federal entities can be found on *USAspending.gov*. This public website also contains contract and loan information and is updated twice per month. Additionally, information about grants provided specifically by the Recovery Act can be found on *Recovery.gov*.

Prior to the creation of *USAspending.gov*, the Bureau of the Census in the Department of Commerce provided data on public finances and has published data on Federal aid to State and local governments in the *Consolidated Federal Funds Report* and the *Federal Aid to States* report. However, the Federal Financial Statistics program was terminated so there are no new reports after 2010.

The Federal Audit Clearinghouse maintains an on-line database (*harvester.census.gov/sac*) that provides access to summary information about audits conducted under OMB Circular A-133, "Audits to States, Local Governments, and Non-Profit Organizations." Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

The Bureau of Economic Analysis, also in the Department of Commerce, publishes the monthly *Survey of Current Business*, which provides data on the national income and product accounts (NIPA), a broad statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this volume in Chapter 28, "National Income and Product Accounts."

## APPENDIX: SELECTED GRANT DATA BY STATE

This Appendix displays State-by-State spending for select grant programs to State and local governments with summary information in the first two tables. The programs selected here cover almost 84 percent of total grant spending.

The first summary table, "Summary of Programs by Agency, Bureau, and Program" shows obligations for each program by agency and bureau. The second summary table, "Summary of Grant Programs by State," shows total obligations for each State across all programs.

The individual program tables display obligations for each program on a State-by-State basis, consistent with the estimates in this Budget. Each table reports the following information:

- The Federal agency that administers the program.
- The program title and number as contained in the *Catalog of Federal Domestic Assistance*.
- The Treasury budget account number from which the program is funded.
- Actual 2012 obligations for States, Federal territories, or Indian Tribes in thousands of dollars. Undistributed obligations are generally project funds that are not distributed by formula, or programs for which State-by-State data are not available.
- Obligations in 2013 from previous budgeted authority distributed by State. For discretionary programs, obligations by State in 2013 are determined by calculating the full year rate under the continuing resolution enacted in P.L. 112-175.
- Estimates of 2014 obligations by State, which are based on the 2014 Budget request, unless otherwise noted.
- The percentage share of 2014 estimated program funds distributed to each State.

**Table 17–3. SUMMARY OF PROGRAMS BY AGENCY, BUREAU, AND PROGRAM**

(Obligations in millions of dollars)

Agency, Bureau, and Program	FY 2012 (actual)	Estimated FY 2013 obligations from:			FY 2014 (estimated)
		Previous authority	2013 CR or New authority	Total	
<b>Department of Agriculture, Food and Nutrition Service:</b>					
School Breakfast Program (10.553) .....	3,351	.....	3,605	3,605	3,843
National School Lunch Program (10.555) .....	10,427	618	10,846	11,463	11,718
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557) .....	7,074	364	6,660	7,024	7,128
Child and Adult Care Food Program (10.558) .....	2,846	.....	2,937	2,937	3,052
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Food Stamps) (10.561) ....	3,958	10	4,561	4,571	4,839
<b>Department of Education, Office of Elementary and Secondary Education:</b>					
Title I College-And-Career-Ready Students (Formerly Title I Grants to Local Educational Agencies) (84.010) ...	14,516	.....	14,539	14,539	14,516
Improving Teacher Quality State Grants (84.367) .....	2,467	.....	2,471	2,471	.....
Effective Teachers and Leaders State Grants .....	.....	.....	.....	.....	2,467
<b>Department of Education, Office of Special Education and Rehabilitative Services:</b>					
Vocational Rehabilitation Grants (84.126) .....	3,122	.....	3,231	3,231	3,302
Special Education-Grants to States (84.027) .....	11,578	.....	11,649	11,649	11,578
<b>Department of Health and Human Services, Centers for Medicare and Medicaid Services:</b>					
Children's Health Insurance Program (93.767) .....	14,982	.....	17,406	17,406	19,147
Grants to States for Medicaid (93.778) .....	270,914	.....	269,169	269,169	306,708
Affordable Insurance Exchange Grants (93.525) .....	1,625	.....	2,698	2,698	1,292
<b>Department of Health and Human Services, Administration for Children and Families:</b>					
Temporary Assistance for Needy Families (TANF)-Family Assistance Grants (93.558) .....	16,721	.....	16,739	16,739	17,058
Child Support Enforcement-Federal Share of State and Local Administrative Costs and Incentives (93.563) ....	4,134	.....	4,268	4,268	4,339
Low Income Home Energy Assistance Program (93.568) .....	3,472	.....	3,493	3,493	3,020
Child Care and Development Block Grant (93.575) .....	2,278	.....	2,292	2,292	2,478
Child Care and Development Fund-Mandatory (93.596A) .....	1,239	.....	1,239	1,239	1,253
Child Care and Development Fund-Matching (93.596B) .....	1,678	.....	1,678	1,678	2,164
Head Start (93.600) .....	7,968	.....	8,017	8,017	9,616
Foster Care-Title IV-E (93.658) .....	4,180	.....	4,286	4,286	4,281
Adoption Assistance (93.659) .....	2,296	.....	2,369	2,369	2,463
Social Services Block Grant (93.667) .....	1,700	.....	1,700	1,700	1,700
<b>Department of Health and Human Services, HIV/AIDS Bureau:</b>					
Ryan White HIV/AIDS Treatment Modernization Act-Part B HIV Care Grants (93.917) .....	1,306	.....	1,329	1,329	1,371
<b>Department of Housing and Urban Development, Public and Indian Housing Programs:</b>					
Public Housing Operating Fund (14.850) .....	3,957	4	3,986	3,990	4,560
Section 8 Housing Choice Vouchers (14.871) .....	18,316	154	19,006	19,159	19,996
Public Housing Capital Fund (14.872) .....	1,880	76	1,866	1,942	1,999
<b>Department of Housing and Urban Development, Community Planning and Development:</b>					
Community Development Block Grant (14.218; 14.225; 14.228; 14.862) .....	3,715	617	9,578	10,195	12,971
<b>Department of Labor, Employment and Training Administration:</b>					
Unemployment Insurance (17.225) .....	3,159	.....	3,165	3,165	3,845
Pathways Back to Work .....	.....	.....	10,500	10,500	.....
<b>Department of Transportation, Federal Aviation Administration:</b>					
Airport Improvement Program (20.106) .....	3,304	.....	3,184	3,184	2,725
<b>Department of Transportation, Federal Highway Administration:</b>					
Highway Planning and Construction (20.205) .....	37,633	.....	41,287	41,287	41,895
<b>Department of Transportation, Federal Transit Administration:</b>					
Transit Formula Grants Programs (20.507) .....	9,604	5,470	4,086	9,556	10,125
<b>Environmental Protection Agency, Office of Water:</b>					
Capitalization Grants for Clean Water State Revolving Fund (66.458) .....	1,682	91	1,366	1,456	1,095
Capitalization Grants for Drinking Water State Revolving Fund (66.468) .....	1,199	75	843	918	817
<b>Federal Communications Commission:</b>					
Universal Service Fund E-Rate .....	1,831	1,383	437	1,820	1,882
<b>Total .....</b>	<b>480,110</b>	<b>8,861</b>	<b>496,484</b>	<b>505,346</b>	<b>541,244</b>

**Table 17-4. SUMMARY OF PROGRAMS BY STATE**

(Obligations in millions of dollars)

State or Territory	All programs FY 2012 (actual)	Programs distributed in all years				FY 2014 Percentage of distributed total
		Estimated FY 2013 obligations from:				
		Previous authority	2013 CR or New authority	Total	FY 2014 (estimated)	
Alabama .....	7,428	111	6,884	6,995	6,917	1.44
Alaska .....	2,118	37	2,069	2,106	2,074	0.43
Arizona .....	9,023	162	9,296	9,458	9,264	1.93
Arkansas .....	5,554	31	5,130	5,161	5,253	1.09
California .....	55,210	1,077	61,383	62,461	56,895	11.85
Colorado .....	5,044	56	5,200	5,256	5,020	1.05
Connecticut .....	5,864	345	5,795	6,140	6,504	1.35
Delaware .....	1,501	37	1,471	1,508	1,506	0.31
District of Columbia .....	2,680	219	2,542	2,761	2,852	0.59
Florida .....	19,949	460	21,201	21,661	21,758	4.53
Georgia .....	11,990	321	11,921	12,242	11,898	2.48
Hawaii .....	1,845	34	1,761	1,795	1,779	0.37
Idaho .....	2,063	28	2,186	2,214	2,208	0.46
Illinois .....	15,391	296	15,666	15,962	15,272	3.18
Indiana .....	8,782	96	8,758	8,855	9,258	1.93
Iowa .....	4,031	41	4,062	4,103	4,081	0.85
Kansas .....	3,179	45	3,162	3,207	3,144	0.66
Kentucky .....	7,166	74	7,425	7,499	7,387	1.54
Louisiana .....	8,599	166	7,902	8,069	7,938	1.65
Maine .....	2,497	21	2,428	2,450	2,445	0.51
Maryland .....	7,389	243	7,543	7,785	7,743	1.61
Massachusetts .....	12,063	267	12,076	12,343	12,072	2.51
Michigan .....	14,884	204	15,284	15,488	15,141	3.15
Minnesota .....	7,634	107	7,831	7,938	8,095	1.69
Mississippi .....	6,091	51	6,036	6,087	5,634	1.17
Missouri .....	9,354	85	9,302	9,387	9,347	1.95
Montana .....	1,589	15	1,632	1,647	1,606	0.33
Nebraska .....	2,195	41	2,171	2,212	2,232	0.47
Nevada .....	2,467	49	2,546	2,596	2,517	0.52
New Hampshire .....	1,332	19	1,359	1,378	1,370	0.29
New Jersey .....	11,700	247	14,022	14,269	13,229	2.76
New Mexico .....	4,352	56	4,192	4,248	4,464	0.93
New York .....	45,415	1,443	53,678	55,121	51,765	10.78
North Carolina .....	13,720	176	14,094	14,270	14,245	2.97
North Dakota .....	1,432	16	1,081	1,097	1,321	0.28
Ohio .....	17,860	172	18,998	19,171	19,617	4.09
Oklahoma .....	5,519	65	5,655	5,720	5,759	1.20
Oregon .....	5,391	69	6,117	6,186	6,528	1.36
Pennsylvania .....	19,766	368	19,664	20,032	19,885	4.14
Rhode Island .....	2,076	50	2,008	2,058	2,034	0.42
South Carolina .....	5,809	73	6,060	6,134	5,965	1.24
South Dakota .....	1,204	13	1,138	1,151	1,143	0.24
Tennessee .....	9,944	100	10,471	10,571	10,960	2.28
Texas .....	31,843	513	35,629	36,143	35,426	7.38
Utah .....	2,922	33	2,784	2,817	2,826	0.59
Vermont .....	1,713	20	1,530	1,550	1,531	0.32
Virginia .....	7,530	154	7,944	8,099	8,079	1.68
Washington .....	8,643	128	8,250	8,378	8,632	1.80
West Virginia .....	3,605	37	3,672	3,709	3,629	0.76
Wisconsin .....	7,888	93	7,911	8,004	7,652	1.59
Wyoming .....	711	10	831	840	802	0.17
American Samoa .....	66	3	81	83	67	0.01
Guam .....	173	6	195	201	180	0.04
Northern Mariana Islands .....	69	4	78	82	74	0.02
Puerto Rico .....	2,959	142	3,793	3,935	3,722	0.78
Freely Associated States .....	7	.....	7	7	7	*
Virgin Islands .....	171	10	190	200	187	0.04
Indian Tribes .....	983	7	1,167	1,174	1,045	0.22
Total, programs distributed by State in all years .....	458,381	8,749	483,263	492,011	479,981	100.00
MEMORANDUM:						
Not distributed by State in all years <sup>1</sup> .....	21,730	115	13,222	13,337	61,269	N/A
Total, including undistributed .....	480,110	8,864	496,484	505,348	541,249	N/A

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> The sum of programs not distributed by State in all years.

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**Table 17-5. SCHOOL BREAKFAST PROGRAM (10.553)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New authority	Total		
Alabama .....	57,618	.....	63,372	63,372	67,549	1.76
Alaska .....	8,249	.....	9,073	9,073	9,671	0.25
Arizona .....	71,763	.....	78,929	78,929	84,131	2.19
Arkansas .....	41,340	.....	45,468	45,468	48,465	1.26
California .....	385,737	.....	424,256	424,256	452,219	11.77
Colorado .....	34,753	.....	38,223	38,223	40,743	1.06
Connecticut .....	23,354	.....	25,686	25,686	27,379	0.71
Delaware .....	9,105	.....	10,014	10,014	10,674	0.28
District of Columbia .....	8,452	.....	9,296	9,296	9,909	0.26
Florida .....	184,870	.....	203,331	203,331	216,733	5.64
Georgia .....	155,917	.....	171,486	171,486	182,789	4.76
Hawaii .....	10,992	.....	12,090	12,090	12,886	0.34
Idaho .....	16,971	.....	18,666	18,666	19,896	0.52
Illinois .....	110,475	.....	121,507	121,507	129,515	3.37
Indiana .....	64,639	.....	71,094	71,094	75,780	1.97
Iowa .....	20,788	.....	22,864	22,864	24,371	0.63
Kansas .....	25,043	.....	27,544	27,544	29,359	0.76
Kentucky .....	64,683	.....	71,142	71,142	75,831	1.97
Louisiana .....	65,720	.....	72,283	72,283	77,047	2.00
Maine .....	10,459	.....	11,503	11,503	12,262	0.32
Maryland .....	45,475	.....	50,016	50,016	53,313	1.39
Massachusetts .....	39,881	.....	43,863	43,863	46,755	1.22
Michigan .....	94,357	.....	103,779	103,779	110,620	2.88
Minnesota .....	38,541	.....	42,390	42,390	45,184	1.18
Mississippi .....	56,654	.....	62,311	62,311	66,418	1.73
Missouri .....	62,231	.....	68,445	68,445	72,957	1.90
Montana .....	6,709	.....	7,379	7,379	7,865	0.20
Nebraska .....	13,987	.....	15,384	15,384	16,398	0.43
Nevada .....	23,985	.....	26,380	26,380	28,119	0.73
New Hampshire .....	4,755	.....	5,230	5,230	5,575	0.15
New Jersey .....	57,625	.....	63,379	63,379	67,557	1.76
New Mexico .....	37,085	.....	40,788	40,788	43,477	1.13
New York .....	169,785	.....	186,739	186,739	199,048	5.18
North Carolina .....	108,275	.....	119,087	119,087	126,936	3.30
North Dakota .....	4,381	.....	4,818	4,818	5,136	0.13
Ohio .....	100,787	.....	110,851	110,851	118,158	3.07
Oklahoma .....	52,876	.....	58,156	58,156	61,989	1.61
Oregon .....	33,238	.....	36,557	36,557	38,967	1.01
Pennsylvania .....	82,177	.....	90,383	90,383	96,340	2.51
Rhode Island .....	8,701	.....	9,570	9,570	10,201	0.27
South Carolina .....	67,844	.....	74,619	74,619	79,537	2.07
South Dakota .....	6,532	.....	7,184	7,184	7,658	0.20
Tennessee .....	83,546	.....	91,889	91,889	97,945	2.55
Texas .....	468,286	.....	515,048	515,048	548,996	14.29
Utah .....	17,603	.....	19,361	19,361	20,637	0.54
Vermont .....	5,032	.....	5,534	5,534	5,899	0.15
Virginia .....	63,516	.....	69,859	69,859	74,463	1.94
Washington .....	48,455	.....	53,294	53,294	56,806	1.48
West Virginia .....	24,612	.....	27,070	27,070	28,854	0.75
Wisconsin .....	40,702	.....	44,766	44,766	47,717	1.24
Wyoming .....	3,329	.....	3,661	3,661	3,903	0.10
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	2,338	.....	2,571	2,571	2,741	0.07
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	32,367	.....	35,599	35,599	37,945	0.99
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	1,341	.....	1,475	1,475	1,572	0.04
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	72,647	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>3,350,583</b>	<b>.....</b>	<b>3,605,262</b>	<b>3,605,262</b>	<b>3,842,895</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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**Table 17-6. NATIONAL SCHOOL LUNCH PROGRAM (10.555)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New authority	Total		
Alabama .....	183,351	10,864	190,742	201,606	206,077	1.76
Alaska .....	30,183	1,788	31,400	33,188	33,924	0.29
Arizona .....	239,953	14,217	249,625	263,842	269,695	2.30
Arkansas .....	120,251	7,125	125,098	132,223	135,156	1.15
California .....	1,357,783	80,449	1,412,515	1,492,964	1,526,080	13.02
Colorado .....	121,566	7,203	126,466	133,669	136,634	1.17
Connecticut .....	82,493	4,888	85,818	90,706	92,718	0.79
Delaware .....	28,301	1,677	29,442	31,119	31,809	0.27
District of Columbia .....	19,608	1,162	20,398	21,560	22,038	0.19
Florida .....	630,089	37,333	655,488	692,821	708,189	6.04
Georgia .....	435,189	25,785	452,731	478,516	489,131	4.17
Hawaii .....	41,327	2,449	42,993	45,442	46,449	0.40
Idaho .....	49,653	2,942	51,655	54,597	55,808	0.48
Illinois .....	390,969	23,165	406,729	429,894	439,430	3.75
Indiana .....	226,654	13,429	235,790	249,219	254,748	2.17
Iowa .....	90,108	5,339	93,740	99,079	101,277	0.86
Kansas .....	93,903	5,564	97,688	103,252	105,542	0.90
Kentucky .....	168,123	9,961	174,900	184,861	188,962	1.61
Louisiana .....	191,580	11,351	199,303	210,654	215,326	1.84
Maine .....	31,552	1,869	32,824	34,693	35,463	0.30
Maryland .....	138,262	8,192	143,835	152,027	155,400	1.33
Massachusetts .....	146,793	8,698	152,710	161,408	164,988	1.41
Michigan .....	282,313	16,727	293,693	310,420	317,306	2.71
Minnesota .....	138,576	8,211	144,162	152,373	155,753	1.33
Mississippi .....	151,112	8,953	157,203	166,156	169,842	1.45
Missouri .....	186,373	11,043	193,886	204,929	209,474	1.79
Montana .....	24,123	1,429	25,095	26,524	27,113	0.23
Nebraska .....	60,688	3,596	63,134	66,730	68,210	0.58
Nevada .....	81,692	4,840	84,985	89,825	91,818	0.78
New Hampshire .....	21,995	1,303	22,882	24,185	24,721	0.21
New Jersey .....	217,342	12,878	226,103	238,981	244,282	2.08
New Mexico .....	85,807	5,084	89,266	94,350	96,443	0.82
New York .....	600,836	35,600	625,056	660,656	675,310	5.76
North Carolina .....	333,739	19,774	347,192	366,966	375,106	3.20
North Dakota .....	16,846	998	17,525	18,523	18,934	0.16
Ohio .....	325,715	19,299	338,845	358,144	366,087	3.12
Oklahoma .....	142,228	8,427	147,961	156,388	159,857	1.36
Oregon .....	99,426	5,891	103,434	109,325	111,750	0.95
Pennsylvania .....	302,360	17,915	314,548	332,463	339,838	2.90
Rhode Island .....	27,119	1,607	28,212	29,819	30,480	0.26
South Carolina .....	171,178	10,142	178,078	188,220	192,396	1.64
South Dakota .....	25,453	1,508	26,479	27,987	28,608	0.24
Tennessee .....	227,131	13,458	236,287	249,745	255,284	2.18
Texas .....	1,241,109	73,536	1,291,138	1,364,674	1,394,945	11.90
Utah .....	87,531	5,186	91,059	96,245	98,380	0.84
Vermont .....	13,638	808	14,188	14,996	15,328	0.13
Virginia .....	204,526	12,118	212,770	224,888	229,877	1.96
Washington .....	175,315	10,388	182,382	192,770	197,045	1.68
West Virginia .....	58,896	3,490	61,270	64,760	66,196	0.56
Wisconsin .....	154,345	9,145	160,567	169,712	173,476	1.48
Wyoming .....	13,198	782	13,730	14,512	14,834	0.13
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	6,844	406	7,120	7,526	7,692	0.07
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	124,364	7,369	129,377	136,746	139,779	1.19
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	5,851	347	6,087	6,434	6,576	0.06
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	1,471	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>10,426,831</b>	<b>617,708</b>	<b>10,845,604</b>	<b>11,463,312</b>	<b>11,717,584</b>	<sup>1</sup> <b>100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service

12-3510-0-1-605

**Table 17-7. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) (10.557)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New authority	Total		
Alabama .....	119,898	6,165	112,883	119,048	120,811	1.69
Alaska .....	23,328	1,200	21,963	23,163	23,506	0.33
Arizona .....	129,787	6,674	122,193	128,867	130,775	1.83
Arkansas .....	72,623	3,734	68,374	72,108	73,176	1.03
California .....	1,261,722	64,879	1,187,896	1,252,775	1,271,328	17.84
Colorado .....	78,986	4,062	74,364	78,426	79,587	1.12
Connecticut .....	48,026	2,470	45,216	47,686	48,392	0.68
Delaware .....	16,537	850	15,569	16,419	16,663	0.23
District of Columbia .....	14,919	767	14,046	14,813	15,033	0.21
Florida .....	376,083	19,338	354,078	373,416	378,946	5.32
Georgia .....	297,011	15,272	279,632	294,904	299,272	4.20
Hawaii .....	36,220	1,862	34,101	35,963	36,496	0.51
Idaho .....	30,480	1,567	28,697	30,264	30,712	0.43
Illinois .....	231,311	11,894	217,777	229,671	233,072	3.27
Indiana .....	113,887	5,856	107,223	113,079	114,754	1.61
Iowa .....	49,354	2,538	46,466	49,004	49,730	0.70
Kansas .....	52,694	2,710	49,611	52,321	53,095	0.74
Kentucky .....	106,755	5,489	100,509	105,998	107,568	1.51
Louisiana .....	126,363	6,498	118,969	125,467	127,325	1.79
Maine .....	19,116	983	17,997	18,980	19,262	0.27
Maryland .....	112,025	5,760	105,470	111,230	112,878	1.58
Massachusetts .....	89,440	4,599	84,207	88,806	90,121	1.26
Michigan .....	198,697	10,217	187,071	197,288	200,210	2.81
Minnesota .....	103,325	5,313	97,279	102,592	104,112	1.46
Mississippi .....	88,193	4,535	83,033	87,568	88,864	1.25
Missouri .....	104,594	5,378	98,474	103,852	105,390	1.48
Montana .....	16,714	859	15,736	16,595	16,841	0.24
Nebraska .....	33,306	1,713	31,357	33,070	33,560	0.47
Nevada .....	52,374	2,693	49,309	52,002	52,773	0.74
New Hampshire .....	11,362	584	10,697	11,281	11,449	0.16
New Jersey .....	150,002	7,713	141,225	148,938	151,144	2.12
New Mexico .....	44,325	2,279	41,731	44,010	44,662	0.63
New York .....	466,238	23,974	438,958	462,932	469,788	6.59
North Carolina .....	205,028	10,543	193,031	203,574	206,589	2.90
North Dakota .....	11,293	581	10,632	11,213	11,379	0.16
Ohio .....	189,028	9,720	177,968	187,688	190,467	2.67
Oklahoma .....	70,301	3,615	66,188	69,803	70,836	0.99
Oregon .....	81,227	4,177	76,474	80,651	81,845	1.15
Pennsylvania .....	217,724	11,196	204,985	216,181	219,382	3.08
Rhode Island .....	20,253	1,041	19,068	20,109	20,407	0.29
South Carolina .....	101,387	5,213	95,455	100,668	102,159	1.43
South Dakota .....	18,054	928	16,998	17,926	18,191	0.26
Tennessee .....	128,405	6,603	120,892	127,495	129,383	1.82
Texas .....	561,225	28,859	528,387	557,246	565,498	7.93
Utah .....	47,923	2,464	45,119	47,583	48,288	0.68
Vermont .....	13,622	700	12,825	13,525	13,726	0.19
Virginia .....	102,411	5,266	96,419	101,685	103,191	1.45
Washington .....	154,380	7,938	145,347	153,285	155,555	2.18
West Virginia .....	38,541	1,982	36,286	38,268	38,834	0.54
Wisconsin .....	93,033	4,784	87,589	92,373	93,741	1.32
Wyoming .....	8,773	451	8,260	8,711	8,840	0.12
American Samoa .....	7,626	392	7,180	7,572	7,684	0.11
Guam .....	8,864	456	8,345	8,801	8,931	0.13
Northern Mariana Islands .....	5,658	291	5,327	5,618	5,701	0.08
Puerto Rico .....	246,978	12,700	232,527	245,227	248,858	3.49
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	7,855	404	7,395	7,799	7,915	0.11
Indian Tribes .....	58,626	3,015	55,196	58,211	59,072	0.83
Undistributed .....	512	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>7,074,422</b>	<b>363,744</b>	<b>6,660,004</b>	<b>7,023,748</b>	<b>7,127,767</b>	<sup>1</sup> <b>100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service

12-3539-0-1-605

**Table 17–8. CHILD AND ADULT CARE FOOD PROGRAM (10.558)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New authority	Total		
Alabama .....	37,816	.....	40,539	40,539	42,123	1.38
Alaska .....	8,439	.....	9,047	9,047	9,400	0.31
Arizona .....	43,146	.....	46,253	46,253	48,061	1.57
Arkansas .....	47,209	.....	50,609	50,609	52,586	1.72
California .....	280,517	.....	300,719	300,719	312,469	10.24
Colorado .....	22,954	.....	24,607	24,607	25,569	0.84
Connecticut .....	14,972	.....	16,050	16,050	16,677	0.55
Delaware .....	14,581	.....	15,631	15,631	16,242	0.53
District of Columbia .....	7,889	.....	8,457	8,457	8,788	0.29
Florida .....	173,839	.....	186,358	186,358	193,640	6.34
Georgia .....	101,264	.....	108,557	108,557	112,798	3.70
Hawaii .....	6,325	.....	6,780	6,780	7,045	0.23
Idaho .....	6,300	.....	6,754	6,754	7,018	0.23
Illinois .....	128,026	.....	137,246	137,246	142,609	4.67
Indiana .....	46,829	.....	50,201	50,201	52,163	1.71
Iowa .....	28,006	.....	30,023	30,023	31,196	1.02
Kansas .....	33,354	.....	35,756	35,756	37,153	1.22
Kentucky .....	32,875	.....	35,243	35,243	36,620	1.20
Louisiana .....	71,991	.....	77,175	77,175	80,191	2.63
Maine .....	9,813	.....	10,520	10,520	10,931	0.36
Maryland .....	45,856	.....	49,158	49,158	51,079	1.67
Massachusetts .....	57,319	.....	61,447	61,447	63,848	2.09
Michigan .....	61,993	.....	66,457	66,457	69,054	2.26
Minnesota .....	64,236	.....	68,862	68,862	71,553	2.34
Mississippi .....	37,281	.....	39,966	39,966	41,527	1.36
Missouri .....	48,909	.....	52,431	52,431	54,480	1.78
Montana .....	10,397	.....	11,146	11,146	11,581	0.38
Nebraska .....	31,921	.....	34,220	34,220	35,557	1.16
Nevada .....	6,701	.....	7,184	7,184	7,464	0.24
New Hampshire .....	4,170	.....	4,470	4,470	4,645	0.15
New Jersey .....	64,407	.....	69,045	69,045	71,743	2.35
New Mexico .....	32,886	.....	35,254	35,254	36,632	1.20
New York .....	208,117	.....	223,105	223,105	231,823	7.60
North Carolina .....	82,424	.....	88,360	88,360	91,812	3.01
North Dakota .....	10,596	.....	11,359	11,359	11,803	0.39
Ohio .....	88,894	.....	95,296	95,296	99,019	3.24
Oklahoma .....	55,005	.....	58,966	58,966	61,270	2.01
Oregon .....	31,162	.....	33,406	33,406	34,712	1.14
Pennsylvania .....	92,879	.....	99,568	99,568	103,458	3.39
Rhode Island .....	7,590	.....	8,137	8,137	8,455	0.28
South Carolina .....	27,613	.....	29,602	29,602	30,758	1.01
South Dakota .....	9,014	.....	9,663	9,663	10,041	0.33
Tennessee .....	57,169	.....	61,286	61,286	63,681	2.09
Texas .....	280,487	.....	300,686	300,686	312,436	10.24
Utah .....	26,029	.....	27,903	27,903	28,994	0.95
Vermont .....	4,959	.....	5,316	5,316	5,524	0.18
Virginia .....	44,647	.....	47,862	47,862	49,733	1.63
Washington .....	41,716	.....	44,720	44,720	46,468	1.52
West Virginia .....	15,390	.....	16,498	16,498	17,143	0.56
Wisconsin .....	40,276	.....	43,177	43,177	44,864	1.47
Wyoming .....	5,455	.....	5,848	5,848	6,076	0.20
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	366	.....	392	392	408	0.01
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	27,083	.....	29,033	29,033	30,168	0.99
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	977	.....	1,047	1,047	1,088	0.04
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	106,335	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>2,846,404</b>	<b>.....</b>	<b>2,937,395</b>	<b>2,937,395</b>	<b>3,052,176</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service

12-3505-0-1-605

**Table 17-9. STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (FOOD STAMPS) (10.561)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New authority	Total		
Alabama .....	41,390	120	52,596	52,716	55,808	1.15
Alaska .....	12,999	38	16,518	16,556	17,527	0.36
Arizona .....	56,933	164	72,347	72,511	76,765	1.59
Arkansas .....	30,177	87	38,347	38,434	40,689	0.84
California .....	771,730	2,229	980,667	982,896	1,040,560	21.50
Colorado .....	45,405	131	57,698	57,829	61,222	1.27
Connecticut .....	34,288	99	43,571	43,670	46,232	0.96
Delaware .....	12,654	37	16,080	16,117	17,062	0.35
District of Columbia .....	12,513	36	15,901	15,937	16,872	0.35
Florida .....	90,696	262	115,251	115,513	122,290	2.53
Georgia .....	80,134	231	101,829	102,060	108,048	2.23
Hawaii .....	13,839	40	17,586	17,626	18,660	0.39
Idaho .....	9,966	29	12,664	12,693	13,438	0.28
Illinois .....	109,653	317	139,340	139,657	147,850	3.06
Indiana .....	44,738	129	56,850	56,979	60,322	1.25
Iowa .....	23,801	69	30,245	30,314	32,092	0.66
Kansas .....	23,000	66	29,227	29,293	31,012	0.64
Kentucky .....	46,494	134	59,082	59,216	62,690	1.30
Louisiana .....	64,896	187	82,466	82,653	87,502	1.81
Maine .....	12,962	37	16,471	16,508	17,477	0.36
Maryland .....	52,017	150	66,100	66,250	70,137	1.45
Massachusetts .....	51,375	148	65,284	65,432	69,271	1.43
Michigan .....	152,213	440	193,423	193,863	205,236	4.24
Minnesota .....	57,022	165	72,460	72,625	76,885	1.59
Mississippi .....	25,937	75	32,959	33,034	34,972	0.72
Missouri .....	48,075	139	61,091	61,230	64,822	1.34
Montana .....	10,380	30	13,190	13,220	13,996	0.29
Nebraska .....	14,584	42	18,532	18,574	19,664	0.41
Nevada .....	18,584	54	23,615	23,669	25,058	0.52
New Hampshire .....	8,140	24	10,344	10,368	10,976	0.23
New Jersey .....	128,909	372	163,810	164,182	173,814	3.59
New Mexico .....	33,219	96	42,213	42,309	44,791	0.93
New York .....	376,324	1,087	478,209	479,296	507,415	10.49
North Carolina .....	83,174	240	105,692	105,932	112,147	2.32
North Dakota .....	8,180	24	10,395	10,419	11,029	0.23
Ohio .....	92,681	268	117,773	118,041	124,966	2.58
Oklahoma .....	47,635	138	60,532	60,670	64,228	1.33
Oregon .....	75,480	218	95,915	96,133	101,773	2.10
Pennsylvania .....	175,283	506	222,739	223,245	236,342	4.88
Rhode Island .....	9,428	27	11,981	12,008	12,712	0.26
South Carolina .....	20,527	59	26,084	26,143	27,678	0.57
South Dakota .....	5,970	17	7,586	7,603	8,050	0.17
Tennessee .....	53,006	153	67,357	67,510	71,470	1.48
Texas .....	224,281	648	285,002	285,650	302,409	6.25
Utah .....	24,015	69	30,517	30,586	32,381	0.67
Vermont .....	9,908	29	12,590	12,619	13,359	0.28
Virginia .....	93,540	270	118,865	119,135	126,124	2.61
Washington .....	74,440	215	94,594	94,809	100,371	2.07
West Virginia .....	16,711	48	21,235	21,283	22,532	0.47
Wisconsin .....	48,117	139	61,144	61,283	64,878	1.34
Wyoming .....	5,212	15	6,623	6,638	7,028	0.15
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	1,295	4	1,646	1,650	1,746	0.04
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	.....	.....	.....	.....	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	5,131	15	6,520	6,535	6,918	0.14
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	368,749	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>3,957,810</b>	<b>10,366</b>	<b>4,560,756</b>	<b>4,571,122</b>	<b>4,839,296</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education

91-0900-0-1-501

**Table 17-10. TITLE I COLLEGE-AND-CAREER-READY STUDENTS (FORMERLY  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES) (84.010)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	231,031	.....	227,279	227,279	227,372	1.57
Alaska .....	37,233	.....	39,278	39,278	39,161	0.27
Arizona .....	316,464	.....	327,396	327,396	328,354	2.26
Arkansas .....	155,888	.....	153,156	153,156	151,747	1.05
California .....	1,653,832	.....	1,640,259	1,640,259	1,651,856	11.38
Colorado .....	147,719	.....	147,958	147,958	147,359	1.02
Connecticut .....	105,099	.....	116,392	116,392	117,644	0.81
Delaware .....	43,432	.....	43,995	43,995	43,925	0.30
District of Columbia .....	46,618	.....	44,614	44,614	43,422	0.30
Florida .....	735,661	.....	755,820	755,820	767,010	5.28
Georgia .....	504,100	.....	519,276	519,276	519,982	3.58
Hawaii .....	45,748	.....	53,547	53,547	54,522	0.38
Idaho .....	55,351	.....	57,651	57,651	58,117	0.40
Illinois .....	649,219	.....	662,757	662,757	669,492	4.61
Indiana .....	264,026	.....	264,759	264,759	264,838	1.82
Iowa .....	84,247	.....	89,710	89,710	90,415	0.62
Kansas .....	106,197	.....	103,395	103,395	103,106	0.71
Kentucky .....	221,012	.....	221,854	221,854	221,692	1.53
Louisiana .....	288,746	.....	294,931	294,931	294,750	2.03
Maine .....	51,753	.....	51,498	51,498	51,286	0.35
Maryland .....	189,937	.....	196,409	196,409	199,587	1.37
Massachusetts .....	210,778	.....	218,130	218,130	219,449	1.51
Michigan .....	538,112	.....	534,774	534,774	529,391	3.65
Minnesota .....	157,517	.....	152,208	152,208	150,938	1.04
Mississippi .....	188,747	.....	182,322	182,322	179,278	1.23
Missouri .....	233,377	.....	237,617	237,617	236,646	1.63
Montana .....	45,166	.....	44,558	44,558	44,317	0.31
Nebraska .....	70,015	.....	67,453	67,453	67,926	0.47
Nevada .....	106,495	.....	110,784	110,784	112,809	0.78
New Hampshire .....	39,232	.....	40,987	40,987	40,987	0.28
New Jersey .....	302,806	.....	290,470	290,470	290,416	2.00
New Mexico .....	119,524	.....	119,679	119,679	119,371	0.82
New York .....	1,132,022	.....	1,122,226	1,122,226	1,105,596	7.62
North Carolina .....	399,659	.....	404,282	404,282	407,996	2.81
North Dakota .....	35,556	.....	33,600	33,600	33,559	0.23
Ohio .....	588,309	.....	577,626	577,626	575,566	3.96
Oklahoma .....	161,487	.....	152,222	152,222	150,106	1.03
Oregon .....	146,694	.....	155,302	155,302	156,098	1.08
Pennsylvania .....	574,504	.....	558,289	558,289	557,944	3.84
Rhode Island .....	49,141	.....	49,681	49,681	49,475	0.34
South Carolina .....	214,969	.....	220,043	220,043	222,138	1.53
South Dakota .....	43,595	.....	42,677	42,677	42,676	0.29
Tennessee .....	280,706	.....	278,582	278,582	279,577	1.93
Texas .....	1,386,573	.....	1,380,824	1,380,824	1,386,784	9.55
Utah .....	93,205	.....	91,670	91,670	92,648	0.64
Vermont .....	34,501	.....	33,112	33,112	33,112	0.23
Virginia .....	230,018	.....	237,638	237,638	238,362	1.64
Washington .....	213,060	.....	213,541	213,541	213,855	1.47
West Virginia .....	94,601	.....	95,099	95,099	95,216	0.66
Wisconsin .....	228,653	.....	217,905	217,905	215,417	1.48
Wyoming .....	33,628	.....	33,636	33,636	33,636	0.23
American Samoa .....	11,140	.....	10,668	10,668	10,782	0.07
Guam .....	11,759	.....	13,683	13,683	13,829	0.10
Northern Mariana Islands .....	4,047	.....	6,448	6,448	6,517	0.04
Puerto Rico .....	481,385	.....	458,479	458,479	440,406	3.03
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	14,970	.....	13,473	13,473	12,125	0.08
Indian Tribes .....	98,209	.....	95,852	95,852	96,872	0.67
Undistributed .....	.....	.....	<sup>1</sup> 22,493	22,493	.....	.....
Other Non-State Allocations .....	8,984	.....	8,984	8,984	9,000	0.06
<b>Total</b> .....	<b>14,516,457</b>	.....	<b>14,538,951</b>	<b>14,538,951</b>	<b>14,516,457</b>	<b>2 100.00</b>

<sup>1</sup> 2013 includes an undistributed 0.612 percent across-the-board increase provided by P.L. 112-175.<sup>2</sup> Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education

91-1000-0-1-501

**Table 17-11. IMPROVING TEACHER QUALITY STATE GRANTS (84.367)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	38,660	.....	38,556	38,556	.....	.....
Alaska .....	11,494	.....	11,451	11,451	.....	.....
Arizona .....	38,321	.....	38,661	38,661	.....	.....
Arkansas .....	23,383	.....	23,360	23,360	.....	.....
California .....	270,254	.....	270,091	270,091	.....	.....
Colorado .....	27,122	.....	27,137	27,137	.....	.....
Connecticut .....	22,557	.....	22,681	22,681	.....	.....
Delaware .....	11,494	.....	11,451	11,451	.....	.....
District of Columbia .....	11,494	.....	11,451	11,451	.....	.....
Florida .....	109,848	.....	110,125	110,125	.....	.....
Georgia .....	64,203	.....	64,484	64,484	.....	.....
Hawaii .....	11,494	.....	11,451	11,451	.....	.....
Idaho .....	11,494	.....	11,520	11,520	.....	.....
Illinois .....	98,761	.....	99,039	99,039	.....	.....
Indiana .....	41,589	.....	41,583	41,583	.....	.....
Iowa .....	18,836	.....	18,880	18,880	.....	.....
Kansas .....	19,285	.....	19,243	19,243	.....	.....
Kentucky .....	37,817	.....	37,849	37,849	.....	.....
Louisiana .....	54,187	.....	54,336	54,336	.....	.....
Maine .....	11,494	.....	11,451	11,451	.....	.....
Maryland .....	34,863	.....	34,900	34,900	.....	.....
Massachusetts .....	43,678	.....	43,772	43,772	.....	.....
Michigan .....	95,607	.....	95,584	95,584	.....	.....
Minnesota .....	33,022	.....	32,908	32,908	.....	.....
Mississippi .....	35,697	.....	35,610	35,610	.....	.....
Missouri .....	41,652	.....	41,759	41,759	.....	.....
Montana .....	11,494	.....	11,451	11,451	.....	.....
Nebraska .....	11,771	.....	11,728	11,728	.....	.....
Nevada .....	12,431	.....	12,481	12,481	.....	.....
New Hampshire .....	11,494	.....	11,451	11,451	.....	.....
New Jersey .....	54,956	.....	54,788	54,788	.....	.....
New Mexico .....	19,147	.....	19,127	19,127	.....	.....
New York .....	195,518	.....	195,690	195,690	.....	.....
North Carolina .....	53,878	.....	53,874	53,874	.....	.....
North Dakota .....	11,494	.....	11,451	11,451	.....	.....
Ohio .....	90,809	.....	90,684	90,684	.....	.....
Oklahoma .....	27,960	.....	27,777	27,777	.....	.....
Oregon .....	23,566	.....	23,673	23,673	.....	.....
Pennsylvania .....	98,149	.....	97,884	97,884	.....	.....
Rhode Island .....	11,494	.....	11,451	11,451	.....	.....
South Carolina .....	30,488	.....	30,603	30,603	.....	.....
South Dakota .....	11,494	.....	11,451	11,451	.....	.....
Tennessee .....	41,694	.....	41,641	41,641	.....	.....
Texas .....	200,180	.....	200,215	200,215	.....	.....
Utah .....	16,138	.....	16,089	16,089	.....	.....
Vermont .....	11,494	.....	11,451	11,451	.....	.....
Virginia .....	43,067	.....	43,196	43,196	.....	.....
Washington .....	39,718	.....	39,695	39,695	.....	.....
West Virginia .....	20,418	.....	20,404	20,404	.....	.....
Wisconsin .....	39,886	.....	39,663	39,663	.....	.....
Wyoming .....	11,494	.....	11,451	11,451	.....	.....
American Samoa .....	2,845	.....	2,830	2,830	.....	.....
Guam .....	4,374	.....	4,713	4,713	.....	.....
Northern Mariana Islands .....	1,360	.....	1,744	1,744	.....	.....
Puerto Rico .....	74,162	.....	73,993	73,993	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	3,692	.....	2,985	2,985	.....	.....
Indian Tribes .....	12,271	.....	12,271	12,271	.....	.....
Undistributed .....	.....	.....	<sup>1</sup> 4,805	4,805	.....	.....
Other Non-State Allocations .....	49,331	.....	49,331	49,331	.....	.....
<b>Total .....</b>	<b>2,466,573</b>	<b>.....</b>	<b>2,471,374</b>	<b>2,471,374</b>	<b>.....</b>	<b>.....</b>

<sup>1</sup> 2013 includes an undistributed 0.612 percent across-the-board increase provided by P.L. 112-175.

Department of Education, Office of Elementary and Secondary Education

91-0204-0-1-501

**Table 17–12. EFFECTIVE TEACHERS AND LEADERS STATE GRANTS**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	.....	.....	.....	.....	28,817	1.17
Alaska .....	.....	.....	.....	.....	8,558	0.35
Arizona .....	.....	.....	.....	.....	28,894	1.17
Arkansas .....	.....	.....	.....	.....	17,459	0.71
California .....	.....	.....	.....	.....	201,862	8.18
Colorado .....	.....	.....	.....	.....	20,282	0.82
Connecticut .....	.....	.....	.....	.....	16,952	0.69
Delaware .....	.....	.....	.....	.....	8,558	0.35
District of Columbia .....	.....	.....	.....	.....	8,558	0.35
Florida .....	.....	.....	.....	.....	82,305	3.34
Georgia .....	.....	.....	.....	.....	48,194	1.95
Hawaii .....	.....	.....	.....	.....	8,558	0.35
Idaho .....	.....	.....	.....	.....	8,610	0.35
Illinois .....	.....	.....	.....	.....	74,020	3.00
Indiana .....	.....	.....	.....	.....	31,078	1.26
Iowa .....	.....	.....	.....	.....	14,111	0.57
Kansas .....	.....	.....	.....	.....	14,382	0.58
Kentucky .....	.....	.....	.....	.....	28,288	1.15
Louisiana .....	.....	.....	.....	.....	40,610	1.65
Maine .....	.....	.....	.....	.....	8,558	0.35
Maryland .....	.....	.....	.....	.....	26,084	1.06
Massachusetts .....	.....	.....	.....	.....	32,714	1.33
Michigan .....	.....	.....	.....	.....	71,438	2.90
Minnesota .....	.....	.....	.....	.....	24,595	1.00
Mississippi .....	.....	.....	.....	.....	26,614	1.08
Missouri .....	.....	.....	.....	.....	31,210	1.27
Montana .....	.....	.....	.....	.....	8,558	0.35
Nebraska .....	.....	.....	.....	.....	8,765	0.36
Nevada .....	.....	.....	.....	.....	9,328	0.38
New Hampshire .....	.....	.....	.....	.....	8,558	0.35
New Jersey .....	.....	.....	.....	.....	40,948	1.66
New Mexico .....	.....	.....	.....	.....	14,295	0.58
New York .....	.....	.....	.....	.....	146,256	5.93
North Carolina .....	.....	.....	.....	.....	40,265	1.63
North Dakota .....	.....	.....	.....	.....	8,558	0.35
Ohio .....	.....	.....	.....	.....	67,775	2.75
Oklahoma .....	.....	.....	.....	.....	20,760	0.84
Oregon .....	.....	.....	.....	.....	17,693	0.72
Pennsylvania .....	.....	.....	.....	.....	73,157	2.97
Rhode Island .....	.....	.....	.....	.....	8,558	0.35
South Carolina .....	.....	.....	.....	.....	22,872	0.93
South Dakota .....	.....	.....	.....	.....	8,558	0.35
Tennessee .....	.....	.....	.....	.....	31,122	1.26
Texas .....	.....	.....	.....	.....	149,638	6.07
Utah .....	.....	.....	.....	.....	12,024	0.49
Vermont .....	.....	.....	.....	.....	8,558	0.35
Virginia .....	.....	.....	.....	.....	32,284	1.31
Washington .....	.....	.....	.....	.....	29,667	1.20
West Virginia .....	.....	.....	.....	.....	15,250	0.62
Wisconsin .....	.....	.....	.....	.....	29,644	1.20
Wyoming .....	.....	.....	.....	.....	8,558	0.35
American Samoa .....	.....	.....	.....	.....	3,336	0.14
Guam .....	.....	.....	.....	.....	4,599	0.19
Northern Mariana Islands .....	.....	.....	.....	.....	2,123	0.09
Puerto Rico .....	.....	.....	.....	.....	55,301	2.24
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	2,274	0.09
Indian Tribes .....	.....	.....	.....	.....	12,333	0.50
Undistributed .....	.....	.....	.....	.....	.....	.....
Other Non-State Allocations .....	.....	.....	.....	.....	653,640	26.50
<b>Total .....</b>	<b>.....</b>	<b>.....</b>	<b>.....</b>	<b>.....</b>	<b>2,466,564</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Education, Office of Special Education and Rehabilitative Services

91-0301-0-1-506

**Table 17-13. VOCATIONAL REHABILITATION GRANTS (84.126)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	54,912	.....	63,443	63,443	63,821	1.93
Alaska .....	11,479	.....	10,639	10,639	10,939	0.33
Arizona .....	62,823	.....	65,635	65,635	69,628	2.11
Arkansas .....	44,874	.....	39,130	39,130	39,431	1.19
California .....	294,858	.....	306,588	306,588	322,105	9.75
Colorado .....	40,548	.....	42,329	42,329	44,087	1.34
Connecticut .....	32,287	.....	21,884	21,884	22,184	0.67
Delaware .....	10,779	.....	10,639	10,639	10,939	0.33
District of Columbia .....	12,859	.....	14,028	14,028	14,345	0.43
Florida .....	139,415	.....	176,230	176,230	185,087	5.61
Georgia .....	98,771	.....	107,691	107,691	111,485	3.38
Hawaii .....	12,885	.....	12,210	12,210	12,510	0.38
Idaho .....	16,264	.....	18,721	18,721	19,412	0.59
Illinois .....	111,622	.....	115,009	115,009	117,074	3.55
Indiana .....	62,188	.....	78,768	78,768	79,573	2.41
Iowa .....	25,630	.....	34,229	34,229	34,530	1.05
Kansas .....	28,478	.....	29,409	29,409	29,746	0.90
Kentucky .....	46,150	.....	58,766	58,766	59,111	1.79
Louisiana .....	35,543	.....	56,281	56,281	56,641	1.72
Maine .....	16,608	.....	16,387	16,387	16,687	0.51
Maryland .....	47,259	.....	42,700	42,700	43,160	1.31
Massachusetts .....	62,794	.....	49,082	49,082	49,601	1.50
Michigan .....	104,509	.....	116,045	116,045	117,432	3.56
Minnesota .....	48,252	.....	49,723	49,723	50,144	1.52
Mississippi .....	44,516	.....	44,233	44,233	44,533	1.35
Missouri .....	65,513	.....	68,665	68,665	69,447	2.10
Montana .....	13,478	.....	11,953	11,953	12,253	0.37
Nebraska .....	19,872	.....	19,183	19,183	19,483	0.59
Nevada .....	12,437	.....	23,133	23,133	25,979	0.79
New Hampshire .....	11,880	.....	11,878	11,878	12,178	0.37
New Jersey .....	57,356	.....	59,688	59,688	60,995	1.85
New Mexico .....	23,957	.....	25,658	25,658	25,959	0.79
New York .....	147,634	.....	151,137	151,137	152,671	4.62
North Carolina .....	106,173	.....	110,284	110,284	113,008	3.42
North Dakota .....	12,127	.....	10,639	10,639	10,939	0.33
Ohio .....	96,890	.....	136,727	136,727	137,637	4.17
Oklahoma .....	44,257	.....	44,675	44,675	45,111	1.37
Oregon .....	39,356	.....	40,861	40,861	41,967	1.27
Pennsylvania .....	121,561	.....	135,269	135,269	136,273	4.13
Rhode Island .....	13,019	.....	10,754	10,754	11,054	0.33
South Carolina .....	56,012	.....	59,347	59,347	60,523	1.83
South Dakota .....	10,592	.....	10,639	10,639	10,939	0.33
Tennessee .....	65,913	.....	77,102	77,102	77,607	2.35
Texas .....	238,193	.....	253,092	253,092	256,711	7.77
Utah .....	36,873	.....	32,320	32,320	33,655	1.02
Vermont .....	16,079	.....	10,639	10,639	10,939	0.33
Virginia .....	71,532	.....	69,234	69,234	69,872	2.12
Washington .....	54,274	.....	56,581	56,581	58,606	1.77
West Virginia .....	43,245	.....	27,469	27,469	27,770	0.84
Wisconsin .....	55,648	.....	63,397	63,397	63,848	1.93
Wyoming .....	9,255	.....	10,639	10,639	10,939	0.33
American Samoa .....	959	.....	987	987	1,018	0.03
Guam .....	2,900	.....	2,980	2,980	3,020	0.09
Northern Mariana Islands .....	752	.....	888	888	901	0.03
Puerto Rico .....	72,425	.....	74,019	74,019	74,319	2.25
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	1,979	.....	2,112	2,112	2,140	0.06

Department of Education, Office of Special Education and Rehabilitative Services

91-0301-0-1-506

**Table 17–13. VOCATIONAL REHABILITATION GRANTS (84.126)—Continued**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Indian Tribes .....	37,898	.....	39,224	39,224	40,087	1.21
Undistributed .....	<sup>1</sup> 95,370	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>3,121,712</b>	<b>.....</b>	<b>3,230,972</b>	<b>3,230,972</b>	<b>3,302,053</b>	<sup>2</sup> <b>100.00</b>

NOTE: In the FY 2014 request, the Administration is proposing to eliminate separate funding authorities for the smaller vocational rehabilitation related programs under the Rehabilitation Act. To lessen the potential impact of the Administration's proposal on States, the request includes language that would ensure that no State's fiscal year 2014 allocation under the Vocational Rehabilitation State Grants program would be less than the total amount allocated to a State under the distribution formulas for the VR State grants program and the Supported Employment State Grants program for fiscal year 2013.

<sup>1</sup> The fiscal year 2012 appropriations bill included language that allows the Secretary to use amounts that remain available subsequent to the reallocation of funds to States under the VR State Grants program pursuant to section 110(b) of the Rehabilitation Act for improving the education and employment outcomes of children receiving SSI and their families. In fiscal year 2013, these funds, which remain available for Federal obligation until September 30, 2013, will be used to support State model demonstration projects under the Promoting Readiness of Minors in Social Security Income (PROMISE) pilot program.

<sup>2</sup> Excludes undistributed obligations.

Department of Education, Office of Special Education and Rehabilitative Services

91-0300

**Table 17-14. SPECIAL EDUCATION-GRANTS TO STATES (84.027)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	181,562	.....	181,562	181,562	181,562	1.57
Alaska .....	36,472	.....	36,472	36,472	36,472	0.32
Arizona .....	188,006	.....	188,006	188,006	188,006	1.62
Arkansas .....	111,980	.....	111,980	111,980	111,980	0.97
California .....	1,224,662	.....	1,224,662	1,224,662	1,224,662	10.58
Colorado .....	154,234	.....	154,234	154,234	154,234	1.33
Connecticut .....	132,768	.....	132,768	132,768	132,768	1.15
Delaware .....	34,446	.....	34,446	34,446	34,446	0.30
District of Columbia .....	17,320	.....	17,320	17,320	17,320	0.15
Florida .....	631,152	.....	631,152	631,152	631,152	5.45
Georgia .....	328,078	.....	328,078	328,078	328,078	2.83
Hawaii .....	39,852	.....	39,852	39,852	39,852	0.34
Idaho .....	55,222	.....	55,222	55,222	55,222	0.48
Illinois .....	505,652	.....	505,652	505,652	505,652	4.37
Indiana .....	257,576	.....	257,576	257,576	257,576	2.22
Iowa .....	121,910	.....	121,910	121,910	121,910	1.05
Kansas .....	104,506	.....	106,692	106,692	106,692	0.92
Kentucky .....	157,888	.....	157,888	157,888	157,888	1.36
Louisiana .....	188,962	.....	188,962	188,962	188,962	1.63
Maine .....	54,642	.....	54,642	54,642	54,642	0.47
Maryland .....	199,916	.....	199,916	199,916	199,916	1.73
Massachusetts .....	283,466	.....	283,466	283,466	283,466	2.45
Michigan .....	399,884	.....	399,884	399,884	399,884	3.45
Minnesota .....	189,532	.....	189,532	189,532	189,532	1.64
Mississippi .....	119,980	.....	119,980	119,980	119,980	1.04
Missouri .....	226,830	.....	226,830	226,830	226,830	1.96
Montana .....	37,222	.....	37,222	37,222	37,222	0.32
Nebraska .....	74,564	.....	74,564	74,564	74,564	0.64
Nevada .....	70,702	.....	70,702	70,702	70,702	0.61
New Hampshire .....	47,390	.....	47,390	47,390	47,390	0.41
New Jersey .....	360,946	.....	360,946	360,946	360,946	3.12
New Mexico .....	91,006	.....	91,006	91,006	91,006	0.79
New York .....	758,002	.....	758,002	758,002	758,002	6.55
North Carolina .....	326,078	.....	326,078	326,078	326,078	2.82
North Dakota .....	27,970	.....	27,970	27,970	27,970	0.24
Ohio .....	436,958	.....	436,958	436,958	436,958	3.77
Oklahoma .....	147,674	.....	147,674	147,674	147,674	1.28
Oregon .....	128,760	.....	128,760	128,760	128,760	1.11
Pennsylvania .....	426,428	.....	426,428	426,428	426,428	3.68
Rhode Island .....	43,668	.....	43,668	43,668	43,668	0.38
South Carolina .....	140,626	.....	176,828	176,828	176,828	1.53
South Dakota .....	33,320	.....	33,320	33,320	33,320	0.29
Tennessee .....	236,470	.....	236,470	236,470	236,470	2.04
Texas .....	980,678	.....	980,678	980,678	980,678	8.47
Utah .....	109,454	.....	109,454	109,454	109,454	0.95
Vermont .....	26,968	.....	26,968	26,968	26,968	0.23
Virginia .....	281,476	.....	281,476	281,476	281,476	2.43
Washington .....	220,954	.....	220,954	220,954	220,954	1.91
West Virginia .....	75,838	.....	75,838	75,838	75,838	0.66
Wisconsin .....	207,862	.....	207,862	207,862	207,862	1.80
Wyoming .....	28,292	.....	28,292	28,292	28,292	0.24
American Samoa .....	6,358	.....	6,358	6,358	6,358	0.05
Guam .....	14,098	.....	14,098	14,098	14,098	0.12
Northern Mariana Islands .....	4,832	.....	4,832	4,832	4,832	0.04
Puerto Rico .....	114,924	.....	114,924	114,924	114,924	0.99
Freely Associated States .....	6,580	.....	6,580	6,580	6,580	0.06

Department of Education, Office of Special Education and Rehabilitative Services

91-0300

**Table 17-14. SPECIAL EDUCATION-GRANTS TO STATES (84.027)—Continued**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Virgin Islands .....	8,960	.....	8,960	8,960	8,960	0.08
Indian Tribes .....	92,910	.....	92,910	92,910	92,910	0.80
Undistributed .....	38,390	.....	<sup>2</sup> 70,856	70,856	.....	.....
Technical Assistance Set Aside .....	25,000	.....	25,000	25,000	25,000	0.22
<b>Total .....</b>	<b><sup>1</sup> 11,577,856</b>	.....	<b>11,648,710</b>	<b>11,648,710</b>	<b>11,577,854</b>	<b><sup>3</sup> 100.00</b>

\* \$500 or less or 0.005 percent or less.

NOTE: Assumes that the amount by which a State's allocation under section 611(d) of the IDEA was reduced under section 612(a)(18)(B) in fiscal year 2012 will not be considered in calculating the awards under section 611(d) for fiscal years 2013 and 2014.

NOTE: Totals do not reflect reductions in awards made pursuant to 20 U.S.C. 1412(a)(18)(B) for fiscal years 2013 and 2014.

<sup>1</sup> Reflects reductions to South Carolina and Kansas under section 612(a)(18)(B).<sup>2</sup> Fiscal year 2013 includes an undistributed 0.612 percent across-the-board increase provided by P.L. 112-175.<sup>3</sup> Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0515-0-1-551

**Table 17-15. CHILDREN'S HEALTH INSURANCE PROGRAM (93.767)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	168,108	.....	162,846	162,846	169,269	1.82
Alaska .....	21,005	.....	20,558	20,558	21,369	0.23
Arizona .....	64,635	.....	25,392	25,392	26,393	0.28
Arkansas .....	95,364	.....	103,118	103,118	107,185	1.15
California .....	1,314,260	.....	1,296,015	1,296,015	1,347,135	14.48
Colorado .....	130,420	.....	131,841	131,841	137,666	1.48
Connecticut .....	32,686	.....	41,328	41,328	42,959	0.46
Delaware .....	14,162	.....	15,738	15,738	16,359	0.18
District of Columbia .....	12,611	.....	14,867	14,867	15,920	0.17
Florida .....	339,812	.....	359,047	359,047	373,209	4.01
Georgia .....	250,874	.....	282,709	282,709	294,317	3.16
Hawaii .....	34,803	.....	25,809	25,809	26,872	0.29
Idaho .....	37,945	.....	35,957	35,957	37,376	0.40
Illinois .....	285,132	.....	275,566	275,566	286,435	3.08
Indiana .....	98,664	.....	144,858	144,858	150,572	1.62
Iowa .....	115,252	.....	92,496	92,496	96,144	1.03
Kansas .....	58,771	.....	55,399	55,399	57,584	0.62
Kentucky .....	135,474	.....	147,886	147,886	153,719	1.65
Louisiana .....	195,190	.....	171,875	171,875	178,906	1.92
Maine .....	37,038	.....	31,479	31,479	32,720	0.35
Maryland .....	176,289	.....	160,475	160,475	166,804	1.79
Massachusetts .....	330,784	.....	330,876	330,876	343,927	3.70
Michigan .....	126,248	.....	54,797	54,797	56,958	0.61
Minnesota .....	21,392	.....	32,082	32,082	33,347	0.36
Mississippi .....	167,658	.....	176,877	176,877	183,854	1.98
Missouri .....	117,629	.....	122,948	122,948	127,797	1.37
Montana .....	40,144	.....	59,390	59,390	61,733	0.66
Nebraska .....	50,106	.....	42,464	42,464	44,248	0.48
Nevada .....	25,129	.....	31,454	31,454	32,695	0.35
New Hampshire .....	13,380	.....	18,195	18,195	18,913	0.20
New Jersey .....	618,026	.....	640,184	640,184	665,436	7.15
New Mexico .....	258,655	.....	124,226	124,226	129,553	1.39
New York .....	556,754	.....	579,751	579,751	602,619	6.48
North Carolina .....	401,229	.....	304,201	304,201	316,911	3.41
North Dakota .....	16,064	.....	17,311	17,311	18,151	0.20
Ohio .....	290,093	.....	336,051	336,051	349,306	3.75
Oklahoma .....	126,870	.....	114,193	114,193	119,403	1.28
Oregon .....	95,355	.....	143,895	143,895	149,571	1.61
Pennsylvania .....	335,890	.....	305,718	305,718	317,776	3.41
Rhode Island .....	31,669	.....	39,507	39,507	41,065	0.44
South Carolina .....	102,467	.....	98,283	98,283	102,340	1.10
South Dakota .....	21,119	.....	19,438	19,438	20,259	0.22
Tennessee .....	145,620	.....	200,235	200,235	208,133	2.24
Texas .....	882,578	.....	891,518	891,518	936,060	10.06
Utah .....	67,820	.....	62,494	62,494	65,511	0.70
Vermont .....	6,934	.....	13,037	13,037	13,551	0.15
Virginia .....	184,004	.....	186,576	186,576	194,039	2.08
Washington .....	47,620	.....	96,942	96,942	101,067	1.09
West Virginia .....	43,069	.....	48,276	48,276	50,180	0.54
Wisconsin .....	107,215	.....	103,003	103,003	107,066	1.15
Wyoming .....	10,443	.....	10,764	10,764	11,188	0.12
American Samoa .....	1,253	.....	1,302	1,302	1,353	0.01
Guam .....	4,360	.....	4,532	4,532	4,711	0.05
Northern Mariana Islands .....	899	.....	934	934	971	0.01
Puerto Rico .....	103,911	.....	132,659	132,659	137,892	1.48
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	.....	.....
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	6,011,118	.....	8,466,628	8,466,628	9,840,503	.....
<b>Total .....</b>	<b>14,982,000</b>	<b>.....</b>	<b>17,406,000</b>	<b>17,406,000</b>	<b>19,147,000</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0512-0-1-551

**Table 17-16. GRANTS TO STATES FOR MEDICAID (93.778)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	4,449,073	.....	3,868,295	3,868,295	3,948,547	1.36
Alaska .....	923,647	.....	903,464	903,464	960,342	0.33
Arizona .....	5,791,413	.....	6,012,030	6,012,030	6,061,532	2.09
Arkansas .....	3,558,608	.....	3,228,304	3,228,304	3,393,627	1.17
California .....	28,047,760	.....	33,038,381	33,038,381	30,050,657	10.38
Colorado .....	2,521,861	.....	2,688,130	2,688,130	2,639,248	0.91
Connecticut .....	3,359,024	.....	3,305,323	3,305,323	3,901,442	1.35
Delaware .....	874,890	.....	867,722	867,722	895,073	0.31
District of Columbia .....	1,559,468	.....	1,650,505	1,650,505	1,773,318	0.61
Florida .....	10,834,635	.....	11,726,955	11,726,955	12,553,752	4.34
Georgia .....	6,153,684	.....	5,903,411	5,903,411	5,885,947	2.03
Hawaii .....	834,588	.....	841,897	841,897	881,108	0.30
Idaho .....	1,177,221	.....	1,313,436	1,313,436	1,357,615	0.47
Illinois .....	7,111,553	.....	7,342,706	7,342,706	7,329,626	2.53
Indiana .....	5,205,355	.....	5,046,072	5,046,072	5,607,615	1.94
Iowa .....	2,156,259	.....	2,305,914	2,305,914	2,349,613	0.81
Kansas .....	1,649,795	.....	1,643,190	1,643,190	1,662,046	0.57
Kentucky .....	4,334,765	.....	4,330,106	4,330,106	4,587,818	1.59
Louisiana .....	5,246,734	.....	4,600,044	4,600,044	4,588,703	1.59
Maine .....	1,618,018	.....	1,543,487	1,543,487	1,533,151	0.53
Maryland .....	3,968,555	.....	4,257,845	4,257,845	4,369,226	1.51
Massachusetts .....	7,041,214	.....	7,195,771	7,195,771	7,316,268	2.53
Michigan .....	8,889,577	.....	9,109,191	9,109,191	9,310,739	3.22
Minnesota .....	4,679,605	.....	4,815,169	4,815,169	5,237,487	1.81
Mississippi .....	3,799,483	.....	3,819,220	3,819,220	3,466,530	1.20
Missouri .....	5,827,091	.....	5,815,956	5,815,956	6,008,470	2.08
Montana .....	687,618	.....	719,753	719,753	748,641	0.26
Nebraska .....	1,085,993	.....	1,083,170	1,083,170	1,104,948	0.38
Nevada .....	1,071,192	.....	1,133,066	1,133,066	1,213,247	0.42
New Hampshire .....	666,780	.....	687,387	687,387	716,723	0.25
New Jersey .....	5,736,239	.....	5,956,958	5,956,958	7,395,361	2.55
New Mexico .....	2,675,871	.....	2,700,195	2,700,195	2,909,675	1.01
New York .....	28,391,280	.....	32,993,896	32,993,896	34,495,561	11.92
North Carolina .....	8,576,362	.....	8,714,029	8,714,029	9,244,891	3.19
North Dakota .....	462,176	.....	460,383	460,383	458,357	0.16
Ohio .....	10,734,663	.....	11,630,374	11,630,374	12,474,987	4.31
Oklahoma .....	3,127,782	.....	3,304,601	3,304,601	3,438,048	1.19
Oregon .....	3,080,954	.....	3,410,220	3,410,220	4,175,639	1.44
Pennsylvania .....	11,918,827	.....	11,800,286	11,800,286	12,163,757	4.20
Rhode Island .....	1,133,514	.....	1,103,400	1,103,400	1,167,380	0.40
South Carolina .....	3,422,344	.....	3,514,267	3,514,267	3,521,016	1.22
South Dakota .....	505,288	.....	502,410	502,410	513,761	0.18
Tennessee .....	6,387,082	.....	6,779,258	6,779,258	7,385,036	2.55
Texas .....	17,541,559	.....	20,831,020	20,831,020	20,872,459	7.21
Utah .....	1,507,169	.....	1,410,720	1,410,720	1,491,614	0.52
Vermont .....	828,055	.....	934,525	934,525	920,321	0.32
Virginia .....	3,745,735	.....	4,054,732	4,054,732	4,266,901	1.47
Washington .....	4,723,818	.....	4,372,927	4,372,927	4,922,824	1.70
West Virginia .....	2,194,989	.....	2,308,223	2,308,223	2,260,244	0.78
Wisconsin .....	4,636,985	.....	4,705,262	4,705,262	4,620,878	1.60
Wyoming .....	148,215	.....	313,461	313,461	308,134	0.11
American Samoa .....	9,901	.....	12,224	12,224	12,224	*
Guam .....	14,640	.....	24,994	24,994	24,749	0.01
Northern Mariana Islands .....	5,047	.....	17,118	17,118	17,118	0.01
Puerto Rico .....	333,505	.....	1,025,547	1,025,547	1,058,182	0.37
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	16,312	.....	42,677	42,677	42,677	0.01
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	7,812,117	.....	(11,214,582)	(11,214,582)	17,259,595	.....
Survey and Certification .....	207,628	.....	230,280	230,280	240,600	0.08
Vaccines For Children .....	4,000,453	.....	3,607,256	3,607,256	4,293,383	1.48
Fraud Control Units .....	215,973	.....	222,201	222,201	226,067	0.08
Medicare Part B premiums .....	602,303	.....	645,000	645,000	705,000	0.24
Incurred But Not Reported .....	1,091,446	.....	1,959,000	1,959,000	2,369,000	0.82
<b>Total .....</b>	<b>270,913,691</b>	<b>.....</b>	<b>269,168,762</b>	<b>269,168,762</b>	<b>306,708,498</b>	<b><sup>1</sup> 100.00</b>

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0115-0-1-551

**Table 17-17. AFFORDABLE INSURANCE EXCHANGE GRANTS (93.525)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	8,772	.....	.....	.....	.....	.....
Alaska .....	.....	.....	.....	.....	.....	.....
Arizona .....	29,877	.....	.....	.....	.....	.....
Arkansas .....	26,461	.....	.....	.....	.....	.....
California .....	196,480	.....	673,705	673,705	.....	.....
Colorado .....	61,438	.....	.....	.....	.....	.....
Connecticut .....	108,900	.....	2,141	2,141	.....	.....
Delaware .....	3,400	.....	8,537	8,537	.....	.....
District of Columbia .....	72,985	.....	.....	.....	.....	.....
Florida .....	.....	.....	.....	.....	.....	.....
Georgia .....	.....	.....	.....	.....	.....	.....
Hawaii .....	76,256	.....	.....	.....	.....	.....
Idaho .....	20,377	.....	.....	.....	.....	.....
Illinois .....	32,861	.....	.....	.....	.....	.....
Indiana .....	.....	.....	.....	.....	.....	.....
Iowa .....	34,377	.....	6,845	6,845	.....	.....
Kansas .....	.....	.....	.....	.....	.....	.....
Kentucky .....	62,320	.....	182,708	182,708	.....	.....
Louisiana .....	.....	.....	.....	.....	.....	.....
Maine .....	5,878	.....	.....	.....	.....	.....
Maryland .....	123,049	.....	.....	.....	.....	.....
Massachusetts .....	62,219	.....	80,226	80,226	.....	.....
Michigan .....	9,849	.....	30,668	30,668	.....	.....
Minnesota .....	68,675	.....	39,326	39,326	.....	.....
Mississippi .....	.....	.....	.....	.....	.....	.....
Missouri .....	.....	.....	.....	.....	.....	.....
Montana .....	.....	.....	.....	.....	.....	.....
Nebraska .....	5,482	.....	.....	.....	.....	.....
Nevada .....	69,709	.....	.....	.....	.....	.....
New Hampshire .....	.....	.....	894	894	.....	.....
New Jersey .....	7,897	.....	.....	.....	.....	.....
New Mexico .....	34,279	.....	.....	.....	.....	.....
New York .....	143,971	.....	185,822	185,822	.....	.....
North Carolina .....	.....	.....	73,961	73,961	.....	.....
North Dakota .....	.....	.....	.....	.....	.....	.....
Ohio .....	.....	.....	.....	.....	.....	.....
Oklahoma .....	.....	.....	.....	.....	.....	.....
Oregon .....	8,878	.....	238,263	238,263	.....	.....
Pennsylvania .....	33,832	.....	.....	.....	.....	.....
Rhode Island .....	58,516	.....	9,251	9,251	.....	.....
South Carolina .....	.....	.....	.....	.....	.....	.....
South Dakota .....	5,880	.....	.....	.....	.....	.....
Tennessee .....	8,110	.....	.....	.....	.....	.....
Texas .....	.....	.....	.....	.....	.....	.....
Utah .....	.....	.....	1,000	1,000	.....	.....
Vermont .....	126,786	.....	2,168	2,168	.....	.....
Virginia .....	.....	.....	4,320	4,320	.....	.....
Washington .....	127,852	.....	.....	.....	.....	.....
West Virginia .....	.....	.....	.....	.....	.....	.....
Wisconsin .....	.....	.....	.....	.....	.....	.....
Wyoming .....	.....	.....	.....	.....	.....	.....
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	.....	.....	.....	.....	.....	.....
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	.....	.....	.....	.....	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	.....	.....
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	<sup>1</sup> 1,160,165	1,160,165	<sup>2</sup> 1,292,000	.....
<b>Total .....</b>	<b>1,635,366</b>	<b>.....</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>1,292,000</b>	<sup>3</sup> <b>100.00</b>

<sup>1</sup> Exchange Grants are distributed based on state grant applications and reflect individual states needs for establishing Exchanges. Current totals show grants awarded through February 2013.

<sup>2</sup> Funding awards are based on applications, so the award amount per State cannot be predicted.

<sup>3</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1552-0-1-609

**Table 17–18. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)-FAMILY ASSISTANCE GRANTS (93.558)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	93,315	.....	93,315	93,315	93,315	0.55
Alaska .....	45,260	.....	46,733	46,733	46,733	0.27
Arizona .....	217,660	.....	201,384	201,384	201,384	1.18
Arkansas .....	61,699	.....	56,733	56,733	56,733	0.33
California .....	3,659,390	.....	3,663,130	3,663,130	3,663,130	21.47
Colorado .....	147,966	.....	136,057	136,057	136,057	0.80
Connecticut .....	266,788	.....	266,788	266,788	266,788	1.56
Delaware .....	32,291	.....	32,291	32,291	32,291	0.19
District of Columbia .....	100,716	.....	92,610	92,610	92,610	0.54
Florida .....	562,340	.....	562,340	562,340	562,340	3.30
Georgia .....	330,742	.....	330,742	330,742	330,742	1.94
Hawaii .....	107,562	.....	98,905	98,905	98,905	0.58
Idaho .....	30,413	.....	30,413	30,413	30,413	0.18
Illinois .....	585,057	.....	585,057	585,057	585,057	3.43
Indiana .....	206,799	.....	206,799	206,799	206,799	1.21
Iowa .....	131,030	.....	130,994	130,994	130,994	0.77
Kansas .....	101,931	.....	101,931	101,931	101,931	0.60
Kentucky .....	181,288	.....	181,288	181,288	181,288	1.06
Louisiana .....	163,972	.....	163,972	163,972	163,972	0.96
Maine .....	78,121	.....	78,121	78,121	78,121	0.46
Maryland .....	249,151	.....	229,098	229,098	229,098	1.34
Massachusetts .....	499,580	.....	459,371	459,371	459,371	2.69
Michigan .....	843,220	.....	775,353	775,353	775,353	4.55
Minnesota .....	263,434	.....	263,434	263,434	263,434	1.54
Mississippi .....	86,768	.....	86,768	86,768	86,768	0.51
Missouri .....	236,050	.....	217,052	217,052	217,052	1.27
Montana .....	38,039	.....	38,039	38,039	38,039	0.22
Nebraska .....	57,105	.....	57,514	57,514	57,514	0.34
Nevada .....	43,908	.....	43,908	43,908	43,908	0.26
New Hampshire .....	38,521	.....	38,521	38,521	38,521	0.23
New Jersey .....	417,164	.....	404,035	404,035	404,035	2.37
New Mexico .....	120,291	.....	110,578	110,578	110,578	0.65
New York .....	2,656,762	.....	2,442,931	2,442,931	2,442,931	14.32
North Carolina .....	328,695	.....	302,240	302,240	302,240	1.77
North Dakota .....	26,400	.....	26,400	26,400	26,400	0.15
Ohio .....	727,968	.....	727,968	727,968	727,968	4.27
Oklahoma .....	145,281	.....	145,860	145,860	145,860	0.86
Oregon .....	181,427	.....	166,799	166,799	166,799	0.98
Pennsylvania .....	719,499	.....	719,499	719,499	719,499	4.22
Rhode Island .....	95,022	.....	95,022	95,022	95,022	0.56
South Carolina .....	108,718	.....	99,968	99,968	99,968	0.59
South Dakota .....	21,280	.....	21,280	21,280	21,280	0.12
Tennessee .....	208,288	.....	191,524	191,524	191,524	1.12
Texas .....	528,819	.....	486,257	486,257	486,257	2.85
Utah .....	82,228	.....	75,609	75,609	75,609	0.44
Vermont .....	47,353	.....	47,353	47,353	47,353	0.28
Virginia .....	158,285	.....	158,285	158,285	158,285	0.93
Washington .....	414,278	.....	380,954	380,954	380,954	2.23
West Virginia .....	110,176	.....	110,176	110,176	110,176	0.65
Wisconsin .....	342,029	.....	314,499	314,499	314,499	1.84
Wyoming .....	18,501	.....	18,501	18,501	18,501	0.11
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	3,327	.....	3,465	3,465	3,465	0.02
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	68,937	.....	71,563	71,563	71,563	0.42
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	2,847	.....	2,847	2,847	2,847	0.02
Indian Tribes .....	181,679	.....	174,273	174,273	174,273	1.02
Undistributed .....	.....	.....	.....	.....	.....	.....
Discretionary Funds .....	149,907	.....	150,000	150,000	150,000	0.88
Other .....	7,535	.....	22,633	22,633	342,083	2.01
<b>Total .....</b>	<b>17,332,812</b>	<b>.....</b>	<b>16,739,180</b>	<b>16,739,180</b>	<b>17,058,630</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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**Table 17-19. CHILD SUPPORT ENFORCEMENT-FEDERAL SHARE OF STATE AND LOCAL ADMINISTRATIVE COSTS AND INCENTIVES (93.563)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	46,957	.....	48,491	48,491	49,299	1.14
Alaska .....	19,014	.....	19,635	19,635	19,962	0.46
Arizona .....	47,360	.....	48,907	48,907	49,721	1.15
Arkansas .....	35,318	.....	36,472	36,472	37,079	0.85
California .....	583,157	.....	602,210	602,210	612,236	14.11
Colorado .....	53,522	.....	55,271	55,271	56,191	1.29
Connecticut .....	45,079	.....	46,552	46,552	47,327	1.09
Delaware .....	32,361	.....	33,419	33,419	33,975	0.78
District of Columbia .....	18,417	.....	19,018	19,018	19,335	0.45
Florida .....	205,024	.....	211,722	211,722	215,247	4.96
Georgia .....	74,812	.....	77,256	77,256	78,542	1.81
Hawaii .....	13,577	.....	14,020	14,020	14,254	0.33
Idaho .....	16,149	.....	16,677	16,677	16,955	0.39
Illinois .....	135,566	.....	139,995	139,995	142,326	3.28
Indiana .....	83,803	.....	86,541	86,541	87,982	2.03
Iowa .....	40,749	.....	42,080	42,080	42,780	0.99
Kansas .....	39,427	.....	40,715	40,715	41,393	0.95
Kentucky .....	50,795	.....	52,455	52,455	53,328	1.23
Louisiana .....	54,442	.....	56,220	56,220	57,156	1.32
Maine .....	19,709	.....	20,353	20,353	20,692	0.48
Maryland .....	94,185	.....	97,262	97,262	98,881	2.28
Massachusetts .....	83,239	.....	85,959	85,959	87,390	2.01
Michigan .....	161,533	.....	166,811	166,811	169,588	3.91
Minnesota .....	123,769	.....	127,812	127,812	129,940	2.99
Mississippi .....	24,747	.....	25,555	25,555	25,981	0.60
Missouri .....	58,033	.....	59,929	59,929	60,927	1.40
Montana .....	11,235	.....	11,602	11,602	11,795	0.27
Nebraska .....	22,216	.....	22,942	22,942	23,324	0.54
Nevada .....	36,892	.....	38,097	38,097	38,732	0.89
New Hampshire .....	14,139	.....	14,601	14,601	14,844	0.34
New Jersey .....	199,137	.....	205,643	205,643	209,067	4.82
New Mexico .....	33,200	.....	34,285	34,285	34,856	0.80
New York .....	293,239	.....	302,820	302,820	307,862	7.09
North Carolina .....	98,314	.....	101,526	101,526	103,216	2.38
North Dakota .....	9,782	.....	10,102	10,102	10,270	0.24
Ohio .....	204,336	.....	211,012	211,012	214,525	4.94
Oklahoma .....	55,399	.....	57,209	57,209	58,161	1.34
Oregon .....	47,605	.....	49,160	49,160	49,979	1.15
Pennsylvania .....	183,637	.....	189,636	189,636	192,794	4.44
Rhode Island .....	10,770	.....	11,122	11,122	11,307	0.26
South Carolina .....	52,992	.....	54,723	54,723	55,634	1.28
South Dakota .....	6,951	.....	7,178	7,178	7,297	0.17
Tennessee .....	62,256	.....	64,290	64,290	65,360	1.51
Texas .....	235,762	.....	243,465	243,465	247,518	5.70
Utah .....	28,412	.....	29,340	29,340	29,828	0.69
Vermont .....	9,760	.....	10,079	10,079	10,247	0.24
Virginia .....	69,525	.....	71,797	71,797	72,992	1.68
Washington .....	90,171	.....	93,117	93,117	94,667	2.18
West Virginia .....	31,148	.....	32,165	32,165	32,701	0.75
Wisconsin .....	74,443	.....	76,876	76,876	78,156	1.80
Wyoming .....	10,622	.....	10,969	10,969	11,151	0.26
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	3,666	.....	3,786	3,786	3,849	0.09
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	33,449	.....	34,542	34,542	35,117	0.81
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	4,106	.....	4,240	4,240	4,310	0.10
Indian Tribes .....	40,121	.....	40,522	40,522	41,151	0.95
Undistributed .....	.....	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>4,134,029</b>	<b>.....</b>	<b>4,268,183</b>	<b>4,268,183</b>	<b>4,339,197</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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**Table 17–20. LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (93.568)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	47,081	.....	49,438	49,438	39,155	1.30
Alaska .....	10,641	.....	10,831	10,831	8,666	0.29
Arizona .....	21,904	.....	22,109	22,109	17,510	0.58
Arkansas .....	28,538	.....	28,124	28,124	23,508	0.78
California .....	153,261	.....	153,775	153,775	123,207	4.08
Colorado .....	47,309	.....	47,647	47,647	38,348	1.27
Connecticut .....	79,533	.....	80,419	80,419	66,020	2.19
Delaware .....	11,957	.....	13,158	13,158	11,152	0.37
District of Columbia .....	10,687	.....	10,756	10,756	8,586	0.28
Florida .....	78,020	.....	78,748	78,748	62,369	2.07
Georgia .....	61,703	.....	62,279	62,279	49,325	1.63
Hawaii .....	6,107	.....	5,644	5,644	4,844	0.16
Idaho .....	19,578	.....	19,705	19,705	15,728	0.52
Illinois .....	185,686	.....	172,384	172,384	138,465	4.58
Indiana .....	80,000	.....	77,888	77,888	62,686	2.08
Iowa .....	54,813	.....	55,205	55,205	44,431	1.47
Kansas .....	32,119	.....	33,122	33,122	27,275	0.90
Kentucky .....	46,424	.....	46,356	46,356	37,197	1.23
Louisiana .....	43,422	.....	42,709	42,709	36,334	1.20
Maine .....	38,521	.....	38,796	38,796	31,225	1.03
Maryland .....	69,791	.....	73,763	73,763	62,275	2.06
Massachusetts .....	132,680	.....	140,955	140,955	112,928	3.74
Michigan .....	172,431	.....	176,126	176,126	139,698	4.63
Minnesota .....	116,840	.....	117,675	117,675	94,710	3.14
Mississippi .....	31,531	.....	30,802	30,802	25,654	0.85
Missouri .....	68,232	.....	71,423	71,423	56,169	1.86
Montana .....	19,916	.....	20,045	20,045	16,000	0.53
Nebraska .....	30,208	.....	30,403	30,403	24,264	0.80
Nevada .....	11,203	.....	11,307	11,307	8,955	0.30
New Hampshire .....	26,055	.....	26,224	26,224	20,932	0.69
New Jersey .....	136,747	.....	132,661	132,661	106,556	3.53
New Mexico .....	15,715	.....	15,817	15,817	12,625	0.42
New York .....	375,514	.....	376,679	376,679	303,168	10.04
North Carolina .....	81,535	.....	90,052	90,052	76,562	2.54
North Dakota .....	20,555	.....	20,479	20,479	16,346	0.54
Ohio .....	165,465	.....	155,581	155,581	122,493	4.06
Oklahoma .....	32,788	.....	34,159	34,159	28,976	0.96
Oregon .....	36,013	.....	36,273	36,273	29,116	0.96
Pennsylvania .....	209,551	.....	205,158	205,158	162,933	5.40
Rhode Island .....	23,176	.....	25,355	25,355	20,667	0.68
South Carolina .....	36,270	.....	39,536	39,536	31,313	1.04
South Dakota .....	17,508	.....	18,019	18,019	14,383	0.48
Tennessee .....	55,406	.....	59,766	59,766	50,001	1.66
Texas .....	129,833	.....	131,044	131,044	103,787	3.44
Utah .....	24,101	.....	24,257	24,257	19,350	0.64
Vermont .....	19,529	.....	19,656	19,656	15,689	0.52
Virginia .....	80,437	.....	83,080	83,080	69,343	2.30
Washington .....	57,968	.....	58,552	58,552	47,123	1.56
West Virginia .....	29,700	.....	29,892	29,892	23,860	0.79
Wisconsin .....	105,173	.....	105,924	105,924	85,252	2.82
Wyoming .....	9,502	.....	9,559	9,559	7,631	0.25
American Samoa .....	77	.....	78	78	63	*
Guam .....	169	.....	170	170	137	*
Northern Mariana Islands .....	59	.....	59	59	48	*
Puerto Rico .....	4,196	.....	4,222	4,222	3,402	0.11
Freely Associated States .....	.....	.....	.....	.....	.....	.....

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**Table 17–20. LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (93.568)—Continued**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Virgin Islands .....	160	.....	161	161	130	*
Indian Tribes .....	38,429	.....	38,791	38,791	31,430	1.04
Undistributed .....	.....	.....	.....	.....	.....	.....
Training and Technical Assistance .....	2,994	.....	3,013	3,013	3,000	0.10
<sup>2</sup> Discretionary Funds .....	26,949	.....	27,114	27,114	77,000	2.55
<sup>3</sup> Other .....	.....	.....	.....	.....	150,000	4.97
<b>Total .....</b>	<b><sup>1</sup> 3,471,710</b>	.....	<b>3,492,923</b>	<b>3,492,923</b>	<b>3,020,000</b>	<b><sup>4</sup> 100.00</b>

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> The FY 2012 State allocations are subject to change based on tribal agreements, therefore the final State allocation will be included on the HHS/ACF Office of Community Services web site. In addition to FY 2012 appropriated funding, this column also includes \$35,933 allocated to States from prior year block grant appropriations.<sup>2</sup> In 2014, discretionary funds consist of \$23,985,000 for the Leveraging Incentive (Leveraging) program, \$3,015,000 for the Residential Energy Assistance Challenge (REACH) program, and \$50,000,000 for Energy Burden Reduction activities.<sup>3</sup> In 2014, other consists of \$150,000,000 available to release to states in FY 2014 for LIHEAP Contingency Fund for unanticipated home-energy related emergencies, such as extreme weather related events and high fuel prices.<sup>4</sup> Excludes undistributed obligations.

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**Table 17–21. CHILD CARE AND DEVELOPMENT BLOCK GRANT (93.575)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	42,842	.....	43,104	43,104	42,731	1.72
Alaska .....	4,533	.....	4,561	4,561	4,521	0.18
Arizona .....	56,867	.....	57,215	57,215	56,720	2.29
Arkansas .....	28,143	.....	28,316	28,316	28,071	1.13
California .....	244,005	.....	245,498	245,498	243,374	9.82
Colorado .....	28,442	.....	28,617	28,617	28,369	1.14
Connecticut .....	14,940	.....	15,032	15,032	14,902	0.60
Delaware .....	5,530	.....	5,564	5,564	5,515	0.22
District of Columbia .....	2,962	.....	2,980	2,980	2,955	0.12
Florida .....	121,010	.....	121,750	121,750	120,697	4.87
Georgia .....	92,991	.....	93,561	93,561	92,751	3.74
Hawaii .....	7,683	.....	7,730	7,730	7,663	0.31
Idaho .....	14,245	.....	14,332	14,332	14,208	0.57
Illinois .....	80,079	.....	80,569	80,569	79,872	3.22
Indiana .....	52,761	.....	53,084	53,084	52,625	2.12
Iowa .....	21,098	.....	21,227	21,227	21,043	0.85
Kansas .....	21,640	.....	21,772	21,772	21,584	0.87
Kentucky .....	39,581	.....	39,823	39,823	39,478	1.59
Louisiana .....	42,491	.....	42,751	42,751	42,381	1.71
Maine .....	7,791	.....	7,839	7,839	7,771	0.31
Maryland .....	27,564	.....	27,733	27,733	27,493	1.11
Massachusetts .....	27,066	.....	27,232	27,232	26,996	1.09
Michigan .....	70,025	.....	70,454	70,454	69,844	2.82
Minnesota .....	30,691	.....	30,879	30,879	30,612	1.24
Mississippi .....	33,335	.....	33,539	33,539	33,249	1.34
Missouri .....	44,385	.....	44,656	44,656	44,270	1.79
Montana .....	6,771	.....	6,813	6,813	6,754	0.27
Nebraska .....	13,439	.....	13,521	13,521	13,404	0.54
Nevada .....	16,530	.....	16,632	16,632	16,488	0.67
New Hampshire .....	5,353	.....	5,386	5,386	5,339	0.22
New Jersey .....	40,080	.....	40,326	40,326	39,977	1.61
New Mexico .....	20,077	.....	20,200	20,200	20,025	0.81
New York .....	101,521	.....	102,143	102,143	101,259	4.09
North Carolina .....	76,128	.....	76,594	76,594	75,931	3.06
North Dakota .....	4,156	.....	4,182	4,182	4,146	0.17
Ohio .....	80,389	.....	80,881	80,881	80,181	3.24
Oklahoma .....	33,887	.....	34,094	34,094	33,799	1.36
Oregon .....	26,225	.....	26,386	26,386	26,158	1.06
Pennsylvania .....	69,645	.....	70,072	70,072	69,465	2.80
Rhode Island .....	5,622	.....	5,656	5,656	5,607	0.23
South Carolina .....	41,233	.....	41,485	41,485	41,126	1.66
South Dakota .....	6,221	.....	6,259	6,259	6,205	0.25
Tennessee .....	52,890	.....	53,214	53,214	52,753	2.13
Texas .....	242,999	.....	244,486	244,486	242,371	9.78
Utah .....	27,266	.....	27,433	27,433	27,196	1.10
Vermont .....	3,204	.....	3,223	3,223	3,195	0.13
Virginia .....	43,445	.....	43,711	43,711	43,333	1.75
Washington .....	39,115	.....	39,354	39,354	39,014	1.57
West Virginia .....	14,362	.....	14,450	14,450	14,325	0.58
Wisconsin .....	36,035	.....	36,256	36,256	35,942	1.45
Wyoming .....	2,982	.....	3,000	3,000	2,974	0.12
American Samoa .....	3,002	.....	3,020	3,020	3,002	0.12
Guam .....	4,296	.....	4,322	4,322	4,296	0.17
Northern Mariana Islands .....	1,905	.....	1,917	1,917	1,905	0.08
Puerto Rico .....	32,513	.....	32,712	32,712	32,429	1.31
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	2,189	.....	2,202	2,202	2,189	0.09
Indian Tribes .....	45,566	.....	45,845	45,845	45,566	1.84
Undistributed .....	.....	.....	.....	.....	.....	.....
Training and Technical Assistance .....	5,459	.....	5,731	5,731	11,392	0.46
Discretionary Funds .....	996	.....	1,004	1,004	1,000	0.04
Other .....	9,864	.....	9,932	9,932	209,871	8.47
<b>Total .....</b>	<b>2,278,065</b>	<b>.....</b>	<b>2,292,260</b>	<b>2,292,260</b>	<b>2,478,312</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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**Table 17-22. CHILD CARE AND DEVELOPMENT FUND-MANDATORY (93.596A)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	16,442	.....	16,442	16,442	16,442	1.31
Alaska .....	3,545	.....	3,545	3,545	3,545	0.28
Arizona .....	19,827	.....	19,827	19,827	19,827	1.58
Arkansas .....	5,300	.....	5,300	5,300	5,300	0.42
California .....	85,593	.....	85,593	85,593	85,593	6.83
Colorado .....	10,174	.....	10,174	10,174	10,174	0.81
Connecticut .....	18,738	.....	18,738	18,738	18,738	1.50
Delaware .....	5,179	.....	5,179	5,179	5,179	0.41
District of Columbia .....	4,567	.....	4,567	4,567	4,567	0.36
Florida .....	43,027	.....	43,027	43,027	43,027	3.43
Georgia .....	36,548	.....	36,548	36,548	36,548	2.92
Hawaii .....	4,972	.....	4,972	4,972	4,972	0.40
Idaho .....	2,868	.....	2,868	2,868	2,868	0.23
Illinois .....	56,874	.....	56,874	56,874	56,874	4.54
Indiana .....	26,182	.....	26,182	26,182	26,182	2.09
Iowa .....	8,508	.....	8,508	8,508	8,508	0.68
Kansas .....	9,812	.....	9,812	9,812	9,812	0.78
Kentucky .....	16,702	.....	16,702	16,702	16,702	1.33
Louisiana .....	13,865	.....	13,865	13,865	13,865	1.11
Maine .....	3,019	.....	3,019	3,019	3,019	0.24
Maryland .....	23,301	.....	23,301	23,301	23,301	1.86
Massachusetts .....	44,973	.....	44,973	44,973	44,973	3.59
Michigan .....	32,082	.....	32,082	32,082	32,082	2.56
Minnesota .....	23,368	.....	23,368	23,368	23,368	1.86
Mississippi .....	6,293	.....	6,293	6,293	6,293	0.50
Missouri .....	24,669	.....	24,669	24,669	24,669	1.97
Montana .....	3,191	.....	3,191	3,191	3,191	0.25
Nebraska .....	10,595	.....	10,595	10,595	10,595	0.85
Nevada .....	2,580	.....	2,580	2,580	2,580	0.21
New Hampshire .....	4,582	.....	4,582	4,582	4,582	0.37
New Jersey .....	26,374	.....	26,374	26,374	26,374	2.10
New Mexico .....	8,308	.....	8,308	8,308	8,308	0.66
New York .....	101,984	.....	101,984	101,984	101,984	8.14
North Carolina .....	69,639	.....	69,639	69,639	69,639	5.56
North Dakota .....	2,506	.....	2,506	2,506	2,506	0.20
Ohio .....	70,125	.....	70,125	70,125	70,125	5.60
Oklahoma .....	24,910	.....	24,910	24,910	24,910	1.99
Oregon .....	19,409	.....	19,409	19,409	19,409	1.55
Pennsylvania .....	55,337	.....	55,337	55,337	55,337	4.42
Rhode Island .....	6,634	.....	6,634	6,634	6,634	0.53
South Carolina .....	9,867	.....	9,867	9,867	9,867	0.79
South Dakota .....	1,711	.....	1,711	1,711	1,711	0.14
Tennessee .....	37,702	.....	37,702	37,702	37,702	3.01
Texas .....	59,844	.....	59,844	59,844	59,844	4.78
Utah .....	12,592	.....	12,592	12,592	12,592	1.00
Vermont .....	3,945	.....	3,945	3,945	3,945	0.31
Virginia .....	21,329	.....	21,329	21,329	21,329	1.70
Washington .....	41,883	.....	41,883	41,883	41,883	3.34
West Virginia .....	8,727	.....	8,727	8,727	8,727	0.70
Wisconsin .....	24,511	.....	24,511	24,511	24,511	1.96
Wyoming .....	2,815	.....	2,815	2,815	2,815	0.22
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	.....	.....	.....	.....	.....	.....
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	.....	.....	.....	.....	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	.....	.....
Indian Tribes .....	58,340	.....	58,340	58,340	68,340	5.45
Undistributed .....	.....	.....	.....	.....	.....	.....
Training and Technical Assistance .....	3,093	.....	3,097	3,097	7,256	0.58
<b>Total .....</b>	<b>1,238,961</b>	<b>.....</b>	<b>1,238,965</b>	<b>1,238,965</b>	<b>1,253,124</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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75-1550-0-1-609

**Table 17–23. CHILD CARE AND DEVELOPMENT FUND-MATCHING (93.596B)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	25,484	.....	25,484	25,484	32,796	1.52
Alaska .....	4,281	.....	4,281	4,281	5,509	0.25
Arizona .....	37,308	.....	37,308	37,308	48,011	2.22
Arkansas .....	16,247	.....	16,247	16,247	20,908	0.97
California .....	207,709	.....	207,709	207,709	267,299	12.35
Colorado .....	28,270	.....	28,270	28,270	36,381	1.68
Connecticut .....	17,932	.....	17,932	17,932	23,077	1.07
Delaware .....	4,637	.....	4,637	4,637	5,967	0.28
District of Columbia .....	2,327	.....	2,327	2,327	2,995	0.14
Florida .....	89,449	.....	89,449	89,449	115,111	5.32
Georgia .....	56,911	.....	56,911	56,911	73,239	3.38
Hawaii .....	6,940	.....	6,940	6,940	8,931	0.41
Idaho .....	9,919	.....	9,919	9,919	12,764	0.59
Illinois .....	70,175	.....	70,175	70,175	90,307	4.17
Indiana .....	36,396	.....	36,396	36,396	46,837	2.16
Iowa .....	16,557	.....	16,557	16,557	21,307	0.98
Kansas .....	16,707	.....	16,707	16,707	21,500	0.99
Kentucky .....	23,304	.....	23,304	23,304	29,990	1.39
Louisiana .....	25,502	.....	25,502	25,502	32,818	1.52
Maine .....	6,026	.....	6,026	6,026	7,755	0.36
Maryland .....	30,267	.....	30,267	30,267	38,950	1.80
Massachusetts .....	31,410	.....	31,410	31,410	40,421	1.87
Michigan .....	51,730	.....	51,730	51,730	66,571	3.08
Minnesota .....	29,154	.....	29,154	29,154	37,517	1.73
Mississippi .....	17,152	.....	17,152	17,152	22,073	1.02
Missouri .....	32,231	.....	32,231	32,231	41,478	1.92
Montana .....	5,046	.....	5,046	5,046	6,493	0.30
Nebraska .....	10,586	.....	10,586	10,586	13,623	0.63
Nevada .....	15,187	.....	15,187	15,187	19,544	0.90
New Hampshire .....	6,242	.....	6,242	6,242	8,033	0.37
New Jersey .....	46,025	.....	46,025	46,025	59,229	2.74
New Mexico .....	11,827	.....	11,827	11,827	15,220	0.70
New York .....	96,030	.....	96,030	96,030	123,580	5.71
North Carolina .....	52,213	.....	52,213	52,213	67,192	3.11
North Dakota .....	3,425	.....	3,425	3,425	4,408	0.20
Ohio .....	61,124	.....	61,124	61,124	78,659	3.64
Oklahoma .....	21,443	.....	21,443	21,443	27,595	1.28
Oregon .....	19,605	.....	19,605	19,605	25,230	1.17
Pennsylvania .....	61,743	.....	61,743	61,743	79,456	3.67
Rhode Island .....	4,921	.....	4,921	4,921	6,332	0.29
South Carolina .....	24,611	.....	24,611	24,611	31,671	1.46
South Dakota .....	4,664	.....	4,664	4,664	6,002	0.28
Tennessee .....	33,931	.....	33,931	33,931	43,665	2.02
Texas .....	157,929	.....	157,930	157,930	203,238	9.39
Utah .....	20,665	.....	20,665	20,665	26,593	1.23
Vermont .....	2,815	.....	2,815	2,815	3,622	0.17
Virginia .....	42,013	.....	42,013	42,013	54,067	2.50
Washington .....	35,814	.....	35,814	35,814	46,089	2.13
West Virginia .....	8,705	.....	8,705	8,705	11,202	0.52
Wisconsin .....	30,116	.....	30,116	30,116	38,756	1.79
Wyoming .....	3,137	.....	3,137	3,137	4,037	0.19
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	.....	.....	.....	.....	.....	.....
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	.....	.....	.....	.....	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	.....	.....
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	.....	.....
Training and Technical Assistance .....	4,190	.....	4,195	4,195	9,829	0.45
<b>Total .....</b>	<b>1,678,032</b>	<b>.....</b>	<b>1,678,038</b>	<b>1,678,038</b>	<b>2,163,877</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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**Table 17-24. HEAD START (93.600)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	125,718	.....	126,487	126,487	128,890	1.34
Alaska .....	14,374	.....	14,462	14,462	14,736	0.15
Arizona .....	121,747	.....	122,492	122,492	124,819	1.30
Arkansas .....	75,176	.....	75,637	75,637	77,074	0.80
California .....	957,972	.....	963,813	963,813	982,126	10.21
Colorado .....	80,799	.....	81,293	81,293	82,838	0.86
Connecticut .....	58,756	.....	59,115	59,115	60,238	0.63
Delaware .....	15,342	.....	15,436	15,436	15,729	0.16
District of Columbia .....	27,867	.....	28,038	28,038	28,570	0.30
Florida .....	313,311	.....	315,228	315,228	321,218	3.34
Georgia .....	198,596	.....	199,812	199,812	203,608	2.12
Hawaii .....	25,594	.....	25,751	25,751	26,240	0.27
Idaho .....	27,253	.....	27,419	27,419	27,940	0.29
Illinois .....	314,325	.....	316,249	316,249	322,258	3.35
Indiana .....	115,223	.....	115,928	115,928	118,131	1.23
Iowa .....	59,268	.....	59,631	59,631	60,764	0.63
Kansas .....	59,801	.....	60,167	60,167	61,310	0.64
Kentucky .....	125,506	.....	126,274	126,274	128,673	1.34
Louisiana .....	167,981	.....	169,009	169,009	172,220	1.79
Maine .....	31,534	.....	31,727	31,727	32,330	0.34
Maryland .....	89,394	.....	89,941	89,941	91,650	0.95
Massachusetts .....	122,725	.....	123,476	123,476	125,822	1.31
Michigan .....	267,669	.....	269,307	269,307	274,424	2.85
Minnesota .....	83,787	.....	84,300	84,300	85,902	0.89
Mississippi .....	180,316	.....	181,419	181,419	184,866	1.92
Missouri .....	138,965	.....	139,816	139,816	142,472	1.48
Montana .....	23,986	.....	24,132	24,132	24,591	0.26
Nebraska .....	42,188	.....	42,446	42,446	43,253	0.45
Nevada .....	29,960	.....	30,144	30,144	30,716	0.32
New Hampshire .....	15,541	.....	15,636	15,636	15,933	0.17
New Jersey .....	149,580	.....	150,496	150,496	153,355	1.59
New Mexico .....	62,551	.....	62,933	62,933	64,129	0.67
New York .....	493,984	.....	497,007	497,007	506,450	5.27
North Carolina .....	171,736	.....	172,787	172,787	176,070	1.83
North Dakota .....	20,060	.....	20,183	20,183	20,566	0.21
Ohio .....	286,669	.....	288,423	288,423	293,903	3.06
Oklahoma .....	97,667	.....	98,264	98,264	100,131	1.04
Oregon .....	70,305	.....	70,735	70,735	72,079	0.75
Pennsylvania .....	261,802	.....	263,404	263,404	268,409	2.79
Rhode Island .....	25,044	.....	25,197	25,197	25,676	0.27
South Carolina .....	99,208	.....	99,815	99,815	101,712	1.06
South Dakota .....	21,605	.....	21,738	21,738	22,151	0.23
Tennessee .....	137,123	.....	137,962	137,962	140,584	1.46
Texas .....	559,621	.....	563,046	563,046	573,744	5.97
Utah .....	45,113	.....	45,389	45,389	46,252	0.48
Vermont .....	15,143	.....	15,236	15,236	15,526	0.16
Virginia .....	115,287	.....	115,992	115,992	118,196	1.23
Washington .....	117,459	.....	118,178	118,178	120,423	1.25
West Virginia .....	58,201	.....	58,557	58,557	59,670	0.62
Wisconsin .....	105,184	.....	105,828	105,828	107,839	1.12
Wyoming .....	13,438	.....	13,521	13,521	13,777	0.14
American Samoa .....	2,265	.....	2,279	2,279	2,323	0.02
Guam .....	2,480	.....	2,495	2,495	2,543	0.03
Northern Mariana Islands .....	1,753	.....	1,764	1,764	1,798	0.02
Puerto Rico .....	278,051	.....	279,753	279,753	285,068	2.96
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	9,424	.....	9,482	9,482	9,662	0.10
Indian Tribes .....	223,891	.....	225,261	225,261	229,541	2.39
Undistributed .....	.....	.....	.....	.....	.....	.....
Palau .....	1,405	.....	1,413	1,413	1,440	0.01
Training and Technical Assistance .....	198,126	.....	200,433	200,433	204,853	2.13
<sup>1</sup> Discretionary Funds .....	.....	.....	.....	.....	1,446,620	15.04
<sup>2</sup> Other .....	86,505	.....	86,781	86,781	87,252	0.91

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**Table 17–24. HEAD START (93.600)—Continued**  
(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Migrant Program .....	326,375	.....	328,373	328,373	334,612	3.48
<b>Total .....</b>	<b>7,967,729</b>	<b>.....</b>	<b>8,017,310</b>	<b>8,017,310</b>	<b>9,615,695</b>	<sup>3</sup> <b>100.00</b>

<sup>1</sup> In 2014, discretionary funds include 1) \$25 million requested in FY 2014 to minimize disruptions in Head Start services to children and families during the implementation of the Designation Renewal System. Funds will be awarded to grantees on an as-needed basis during the transition period, and 2) \$1.4 billion for the Early Head Start-Child Care Partnership program to expand the availability of high quality comprehensive services for infants and toddlers.

<sup>2</sup> Totals for “other” include funding for Research/Evaluation, Monitoring Support and Program Support.

<sup>3</sup> Excludes undistributed obligations.

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**Table 17-25. FOSTER CARE-TITLE IV-E (93.658)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	32,230	.....	32,937	32,937	32,639	0.76
Alaska .....	15,227	.....	15,562	15,562	15,421	0.36
Arizona .....	86,780	.....	88,686	88,686	87,882	2.05
Arkansas .....	37,484	.....	38,308	38,308	37,960	0.89
California .....	1,170,068	.....	1,186,168	1,186,168	1,175,421	27.46
Colorado .....	56,264	.....	57,500	57,500	56,979	1.33
Connecticut .....	41,263	.....	42,169	42,169	41,787	0.98
Delaware .....	4,205	.....	4,298	4,298	4,259	0.10
District of Columbia .....	37,807	.....	38,637	38,637	38,287	0.89
Florida .....	177,283	.....	181,176	181,176	179,535	4.19
Georgia .....	69,353	.....	70,876	70,876	70,234	1.64
Hawaii .....	17,634	.....	18,021	18,021	17,858	0.42
Idaho .....	9,324	.....	9,529	9,529	9,442	0.22
Illinois .....	197,116	.....	201,444	201,444	199,619	4.66
Indiana .....	115,448	.....	117,984	117,984	116,915	2.73
Iowa .....	21,071	.....	21,533	21,533	21,338	0.50
Kansas .....	24,180	.....	24,711	24,711	24,487	0.57
Kentucky .....	39,316	.....	40,180	40,180	39,816	0.93
Louisiana .....	38,584	.....	39,431	39,431	39,074	0.91
Maine .....	15,150	.....	15,483	15,483	15,342	0.36
Maryland .....	49,336	.....	50,419	50,419	49,962	1.17
Massachusetts .....	48,351	.....	49,413	49,413	48,965	1.14
Michigan .....	117,220	.....	119,795	119,795	118,709	2.77
Minnesota .....	37,589	.....	38,414	38,414	38,066	0.89
Mississippi .....	15,307	.....	15,644	15,644	15,502	0.36
Missouri .....	48,360	.....	49,422	49,422	48,974	1.14
Montana .....	9,625	.....	9,836	9,836	9,747	0.23
Nebraska .....	16,053	.....	16,406	16,406	16,257	0.38
Nevada .....	34,807	.....	35,571	35,571	35,249	0.82
New Hampshire .....	15,172	.....	15,505	15,505	15,365	0.36
New Jersey .....	88,032	.....	89,965	89,965	89,150	2.08
New Mexico .....	20,288	.....	20,733	20,733	20,545	0.48
New York .....	382,520	.....	390,920	390,920	387,378	9.05
North Carolina .....	77,411	.....	79,111	79,111	78,394	1.83
North Dakota .....	10,591	.....	10,823	10,823	10,725	0.25
Ohio .....	187,113	.....	191,222	191,222	189,490	4.43
Oklahoma .....	32,326	.....	33,036	33,036	32,737	0.76
Oregon .....	77,077	.....	78,770	78,770	78,056	1.82
Pennsylvania .....	166,418	.....	170,072	170,072	168,531	3.94
Rhode Island .....	11,999	.....	12,262	12,262	12,151	0.28
South Carolina .....	24,856	.....	25,402	25,402	25,172	0.59
South Dakota .....	4,787	.....	4,892	4,892	4,848	0.11
Tennessee .....	34,852	.....	35,618	35,618	35,295	0.82
Texas .....	222,156	.....	227,035	227,035	224,978	5.26
Utah .....	21,151	.....	21,615	21,615	21,419	0.50
Vermont .....	8,075	.....	8,252	8,252	8,177	0.19
Virginia .....	51,483	.....	52,613	52,613	52,137	1.22
Washington .....	78,361	.....	85,071	85,071	84,300	1.97
West Virginia .....	13,291	.....	13,583	13,583	13,460	0.31
Wisconsin .....	49,600	.....	55,296	55,296	54,795	1.28
Wyoming .....	2,142	.....	2,189	2,189	2,170	0.05
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	.....	.....	.....	.....	.....	.....
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	.....	.....	.....	.....	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	.....	.....
Indian Tribes .....	3,080	.....	19,000	19,000	38,000	0.89
Undistributed .....	.....	.....	.....	.....	.....	.....
Training and Technical Assistance .....	13,069	.....	13,000	13,000	26,000	0.61
Other .....	1,630	.....	.....	.....	2,000	0.05
<b>Total .....</b>	<b>4,179,915</b>	<b>.....</b>	<b>4,285,538</b>	<b>4,285,538</b>	<b>4,280,999</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

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**Table 17–26. ADOPTION ASSISTANCE (93.659)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	9,725	.....	10,041	10,041	10,441	0.42
Alaska .....	10,446	.....	10,786	10,786	11,216	0.46
Arizona .....	89,822	.....	92,744	92,744	96,437	3.92
Arkansas .....	15,788	.....	16,302	16,302	16,951	0.69
California .....	430,063	.....	444,050	444,050	461,732	18.75
Colorado .....	20,324	.....	20,985	20,985	21,821	0.89
Connecticut .....	35,169	.....	36,313	36,313	37,759	1.53
Delaware .....	1,220	.....	1,260	1,260	1,310	0.05
District of Columbia .....	12,041	.....	12,432	12,432	12,927	0.52
Florida .....	95,725	.....	98,838	98,838	102,774	4.17
Georgia .....	37,995	.....	39,231	39,231	40,793	1.66
Hawaii .....	13,104	.....	13,530	13,530	14,069	0.57
Idaho .....	6,185	.....	6,386	6,386	6,640	0.27
Illinois .....	80,493	.....	83,111	83,111	86,420	3.51
Indiana .....	58,625	.....	60,532	60,532	62,942	2.56
Iowa .....	35,291	.....	36,439	36,439	37,890	1.54
Kansas .....	15,008	.....	15,496	15,496	16,113	0.65
Kentucky .....	43,961	.....	45,391	45,391	47,198	1.92
Louisiana .....	19,821	.....	20,465	20,465	21,280	0.86
Maine .....	14,880	.....	15,364	15,364	15,975	0.65
Maryland .....	26,148	.....	26,998	26,998	28,073	1.14
Massachusetts .....	29,416	.....	30,373	30,373	31,582	1.28
Michigan .....	113,800	.....	117,501	117,501	122,180	4.96
Minnesota .....	23,636	.....	24,405	24,405	25,377	1.03
Mississippi .....	8,343	.....	8,614	8,614	8,957	0.36
Missouri .....	38,817	.....	40,079	40,079	41,675	1.69
Montana .....	6,682	.....	6,899	6,899	7,174	0.29
Nebraska .....	10,462	.....	10,802	10,802	11,232	0.46
Nevada .....	17,752	.....	18,330	18,330	19,060	0.77
New Hampshire .....	4,322	.....	4,463	4,463	4,641	0.19
New Jersey .....	59,929	.....	61,878	61,878	64,342	2.61
New Mexico .....	17,167	.....	17,726	17,726	18,431	0.75
New York .....	179,868	.....	185,718	185,718	193,113	7.84
North Carolina .....	49,075	.....	50,671	50,671	52,688	2.14
North Dakota .....	5,041	.....	5,205	5,205	5,412	0.22
Ohio .....	167,879	.....	173,339	173,339	180,241	7.32
Oklahoma .....	29,409	.....	30,366	30,366	31,575	1.28
Oregon .....	47,859	.....	49,416	49,416	51,383	2.09
Pennsylvania .....	95,221	.....	98,318	98,318	102,233	4.15
Rhode Island .....	7,589	.....	7,836	7,836	8,148	0.33
South Carolina .....	13,016	.....	13,440	13,440	13,975	0.57
South Dakota .....	3,667	.....	3,787	3,787	3,937	0.16
Tennessee .....	40,023	.....	41,325	41,325	42,970	1.74
Texas .....	98,369	.....	101,569	101,569	105,613	4.29
Utah .....	6,901	.....	7,125	7,125	7,409	0.30
Vermont .....	8,010	.....	8,271	8,271	8,600	0.35
Virginia .....	32,831	.....	33,898	33,898	35,248	1.43
Washington .....	50,753	.....	52,403	52,403	54,490	2.21
West Virginia .....	19,135	.....	19,758	19,758	20,544	0.83
Wisconsin .....	36,424	.....	37,609	37,609	39,107	1.59
Wyoming .....	837	.....	864	864	899	0.04
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	.....	.....	.....	.....	.....	.....
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	.....	.....	.....	.....	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	.....	.....	.....	.....	.....	.....
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	.....	.....
Other .....	2,027	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>2,296,094</b>	<b>.....</b>	<b>2,368,682</b>	<b>2,368,682</b>	<b>2,462,997</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75.1534-0-1-506

**Table 17–27. SOCIAL SERVICES BLOCK GRANT (93.667)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	26,171	.....	26,057	26,057	26,057	1.53
Alaska .....	3,889	.....	3,921	3,921	3,921	0.23
Arizona .....	34,999	.....	35,170	35,170	35,170	2.07
Arkansas .....	15,966	.....	15,940	15,940	15,940	0.94
California .....	203,980	.....	204,493	204,493	204,493	12.03
Colorado .....	27,537	.....	27,760	27,760	27,760	1.63
Connecticut .....	19,570	.....	19,427	19,427	19,427	1.14
Delaware .....	4,917	.....	4,922	4,922	4,922	0.29
District of Columbia .....	3,295	.....	3,353	3,353	3,353	0.20
Florida .....	102,944	.....	103,394	103,394	103,394	6.08
Georgia .....	53,044	.....	53,251	53,251	53,251	3.13
Hawaii .....	7,448	.....	7,458	7,458	7,458	0.44
Idaho .....	8,583	.....	8,599	8,599	8,599	0.51
Illinois .....	70,253	.....	69,820	69,820	69,820	4.11
Indiana .....	35,501	.....	35,357	35,357	35,357	2.08
Iowa .....	16,679	.....	16,614	16,614	16,614	0.98
Kansas .....	15,622	.....	15,578	15,578	15,578	0.92
Kentucky .....	23,760	.....	23,705	23,705	23,705	1.39
Louisiana .....	24,822	.....	24,820	24,820	24,820	1.46
Maine .....	7,273	.....	7,206	7,206	7,206	0.42
Maryland .....	31,612	.....	31,621	31,621	31,621	1.86
Massachusetts .....	35,851	.....	35,740	35,740	35,740	2.10
Michigan .....	54,117	.....	53,582	53,582	53,582	3.15
Minnesota .....	29,041	.....	28,998	28,998	28,998	1.71
Mississippi .....	16,247	.....	16,160	16,160	16,160	0.95
Missouri .....	32,792	.....	32,610	32,610	32,610	1.92
Montana .....	5,417	.....	5,416	5,416	5,416	0.32
Nebraska .....	10,000	.....	9,997	9,997	9,997	0.59
Nevada .....	14,787	.....	14,775	14,775	14,775	0.87
New Hampshire .....	7,208	.....	7,152	7,152	7,152	0.42
New Jersey .....	48,139	.....	47,858	47,858	47,858	2.82
New Mexico .....	11,275	.....	11,297	11,297	11,297	0.66
New York .....	106,103	.....	105,606	105,606	105,606	6.21
North Carolina .....	52,210	.....	52,390	52,390	52,390	3.08
North Dakota .....	3,683	.....	3,711	3,711	3,711	0.22
Ohio .....	63,167	.....	62,636	62,636	62,636	3.68
Oklahoma .....	20,540	.....	20,570	20,570	20,570	1.21
Oregon .....	20,977	.....	21,006	21,006	21,006	1.24
Pennsylvania .....	69,550	.....	69,135	69,135	69,135	4.07
Rhode Island .....	5,763	.....	5,704	5,704	5,704	0.34
South Carolina .....	25,326	.....	25,386	25,386	25,386	1.49
South Dakota .....	4,458	.....	4,471	4,471	4,471	0.26
Tennessee .....	34,747	.....	34,740	34,740	34,740	2.04
Texas .....	137,682	.....	139,295	139,295	139,295	8.19
Utah .....	15,133	.....	15,284	15,284	15,284	0.90
Vermont .....	3,426	.....	3,399	3,399	3,399	0.20
Virginia .....	43,809	.....	43,927	43,927	43,927	2.58
Washington .....	36,819	.....	37,055	37,055	37,055	2.18
West Virginia .....	10,146	.....	10,066	10,066	10,066	0.59
Wisconsin .....	31,138	.....	30,988	30,988	30,988	1.82
Wyoming .....	3,086	.....	3,082	3,082	3,082	0.18
American Samoa .....	60	.....	60	60	60	*
Guam .....	293	.....	293	293	293	0.02
Northern Mariana Islands .....	59	.....	59	59	59	*
Puerto Rico .....	8,793	.....	8,793	8,793	8,793	0.52
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	293	.....	293	293	293	0.02
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>1,700,000</b>	<b>.....</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b><sup>1</sup> 100.00</b>

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, HIV/AIDS Bureau

75-0350-0-1-550

**Table 17–28. RYAN WHITE HIV/AIDS TREATMENT MODERNIZATION ACT-PART B HIV CARE GRANTS (93.917)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	22,944	.....	.....	.....	.....	.....
Alaska .....	1,320	.....	.....	.....	.....	.....
Arizona .....	16,322	.....	.....	.....	.....	.....
Arkansas .....	8,488	.....	.....	.....	.....	.....
California .....	163,449	.....	.....	.....	.....	.....
Colorado .....	15,445	.....	.....	.....	.....	.....
Connecticut .....	14,789	.....	.....	.....	.....	.....
Delaware .....	5,791	.....	.....	.....	.....	.....
District of Columbia .....	20,025	.....	.....	.....	.....	.....
Florida .....	142,770	.....	.....	.....	.....	.....
Georgia .....	56,650	.....	.....	.....	.....	.....
Hawaii .....	3,661	.....	.....	.....	.....	.....
Idaho .....	1,926	.....	.....	.....	.....	.....
Illinois .....	50,281	.....	.....	.....	.....	.....
Indiana .....	12,067	.....	.....	.....	.....	.....
Iowa .....	3,733	.....	.....	.....	.....	.....
Kansas .....	3,609	.....	.....	.....	.....	.....
Kentucky .....	11,862	.....	.....	.....	.....	.....
Louisiana .....	27,643	.....	.....	.....	.....	.....
Maine .....	1,829	.....	.....	.....	.....	.....
Maryland .....	39,512	.....	.....	.....	.....	.....
Massachusetts .....	20,485	.....	.....	.....	.....	.....
Michigan .....	18,499	.....	.....	.....	.....	.....
Minnesota .....	8,121	.....	.....	.....	.....	.....
Mississippi .....	14,133	.....	.....	.....	.....	.....
Missouri .....	14,055	.....	.....	.....	.....	.....
Montana .....	1,307	.....	.....	.....	.....	.....
Nebraska .....	3,792	.....	.....	.....	.....	.....
Nevada .....	8,437	.....	.....	.....	.....	.....
New Hampshire .....	1,515	.....	.....	.....	.....	.....
New Jersey .....	52,562	.....	.....	.....	.....	.....
New Mexico .....	4,077	.....	.....	.....	.....	.....
New York .....	164,499	.....	.....	.....	.....	.....
North Carolina .....	39,319	.....	.....	.....	.....	.....
North Dakota .....	755	.....	.....	.....	.....	.....
Ohio .....	25,380	.....	.....	.....	.....	.....
Oklahoma .....	8,537	.....	.....	.....	.....	.....
Oregon .....	6,811	.....	.....	.....	.....	.....
Pennsylvania .....	43,143	.....	.....	.....	.....	.....
Rhode Island .....	4,177	.....	.....	.....	.....	.....
South Carolina .....	26,000	.....	.....	.....	.....	.....
South Dakota .....	1,231	.....	.....	.....	.....	.....
Tennessee .....	23,573	.....	.....	.....	.....	.....
Texas .....	88,187	.....	.....	.....	.....	.....
Utah .....	4,957	.....	.....	.....	.....	.....
Vermont .....	892	.....	.....	.....	.....	.....
Virginia .....	31,509	.....	.....	.....	.....	.....
Washington .....	15,556	.....	.....	.....	.....	.....
West Virginia .....	2,551	.....	.....	.....	.....	.....
Wisconsin .....	9,493	.....	.....	.....	.....	.....
Wyoming .....	727	.....	.....	.....	.....	.....
American Samoa .....	40	.....	.....	.....	.....	.....
Guam .....	287	.....	.....	.....	.....	.....
Northern Mariana Islands .....	57	.....	.....	.....	.....	.....
Puerto Rico .....	34,287	.....	.....	.....	.....	.....
Freely Associated States .....	58	.....	.....	.....	.....	.....
Virgin Islands .....	2,361	.....	.....	.....	.....	.....
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	<sup>1</sup> 1,328,722	1,328,722	<sup>2</sup> 1,370,827	.....
Marshall Islands .....	17	.....	.....	.....	.....	.....
Republic of Palau .....	53	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>1,305,556</b>	<b>.....</b>	<b>1,328,722</b>	<b>1,328,722</b>	<b>1,370,827</b>	<sup>3</sup> <b>100.00</b>

<sup>1</sup> FY 2013 data for each State and territory is not available.<sup>2</sup> FY 2014 data for each State and territory is not available.<sup>3</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs

86-0163-0-1-604

**Table 17-29. PUBLIC HOUSING OPERATING FUND (14.850)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	114,876	124	115,714	115,838	132,374	2.90
Alaska .....	8,949	10	9,014	9,024	10,312	0.23
Arizona .....	18,814	20	18,951	18,971	21,680	0.48
Arkansas .....	21,821	23	21,980	22,003	25,145	0.55
California .....	124,861	134	125,771	125,905	143,880	3.16
Colorado .....	26,736	29	26,931	26,960	30,809	0.68
Connecticut .....	61,362	66	61,809	61,875	70,709	1.55
Delaware .....	11,703	13	11,788	11,801	13,486	0.30
District of Columbia .....	45,317	49	45,647	45,696	52,219	1.15
Florida .....	113,178	122	114,003	114,125	130,417	2.86
Georgia .....	102,931	111	103,681	103,792	118,609	2.60
Hawaii .....	25,253	27	25,437	25,464	29,100	0.64
Idaho .....	969	1	976	977	1,116	0.02
Illinois .....	228,085	245	229,748	229,993	262,827	5.76
Indiana .....	40,681	44	40,977	41,021	46,877	1.03
Iowa .....	3,425	4	3,450	3,454	3,946	0.09
Kansas .....	16,675	18	16,796	16,814	19,214	0.42
Kentucky .....	47,647	51	47,994	48,045	54,904	1.20
Louisiana .....	55,314	60	55,718	55,778	63,740	1.40
Maine .....	12,073	13	12,161	12,174	13,912	0.31
Maryland .....	104,465	112	105,227	105,339	120,377	2.64
Massachusetts .....	140,850	152	141,877	142,029	162,303	3.56
Michigan .....	58,335	63	58,760	58,823	67,220	1.47
Minnesota .....	44,863	48	45,190	45,238	51,697	1.13
Mississippi .....	22,114	24	22,275	22,299	25,482	0.56
Missouri .....	27,659	30	27,860	27,890	31,871	0.70
Montana .....	3,572	4	3,598	3,602	4,117	0.09
Nebraska .....	10,740	12	10,818	10,830	12,375	0.27
Nevada .....	14,132	15	14,235	14,250	16,285	0.36
New Hampshire .....	8,389	9	8,450	8,459	9,666	0.21
New Jersey .....	156,560	168	157,701	157,869	180,406	3.96
New Mexico .....	8,002	9	8,060	8,069	9,220	0.20
New York .....	987,734	1,063	994,935	995,998	1,138,182	24.96
North Carolina .....	112,848	121	113,671	113,792	130,036	2.85
North Dakota .....	2,085	2	2,100	2,102	2,403	0.05
Ohio .....	194,113	209	195,528	195,737	223,680	4.91
Oklahoma .....	25,743	28	25,931	25,959	29,665	0.65
Oregon .....	14,460	16	14,566	14,582	16,663	0.37
Pennsylvania .....	262,963	283	264,880	265,163	303,017	6.65
Rhode Island .....	27,695	30	27,897	27,927	31,913	0.70
South Carolina .....	37,742	41	38,018	38,059	43,491	0.95
South Dakota .....	1,302	1	1,311	1,312	1,500	0.03
Tennessee .....	88,520	95	89,166	89,261	102,003	2.24
Texas .....	137,224	148	138,224	138,372	158,125	3.47
Utah .....	3,613	4	3,639	3,643	4,163	0.09
Vermont .....	4,039	4	4,068	4,072	4,654	0.10
Virginia .....	69,097	74	69,600	69,674	79,622	1.75
Washington .....	35,953	39	36,215	36,254	41,429	0.91
West Virginia .....	10,695	12	10,772	10,784	12,324	0.27
Wisconsin .....	17,162	18	17,287	17,305	19,776	0.43
Wyoming .....	1,046	1	1,053	1,054	1,205	0.03
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	829	1	835	836	956	0.02
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	221,425	238	223,039	223,277	255,152	5.60
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	20,609	22	20,759	20,781	23,748	0.52
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>3,957,248</b>	<b>4,260</b>	<b>3,986,091</b>	<b>3,990,351</b>	<b>4,560,002</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs

86-0302-0-1-604

**Table 17-30. SECTION 8 HOUSING CHOICE VOUCHERS (14.871)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	185,490	1,557	192,474	194,031	202,283	1.01
Alaska .....	36,377	305	37,747	38,052	39,670	0.20
Arizona .....	169,064	1,419	175,429	176,848	184,370	0.92
Arkansas .....	91,521	768	94,967	95,735	99,806	0.50
California .....	3,343,024	28,055	3,468,887	3,496,942	3,645,669	18.25
Colorado .....	230,287	1,933	238,957	240,890	251,134	1.26
Connecticut .....	371,754	3,120	385,750	388,870	405,409	2.03
Delaware .....	38,996	327	40,464	40,791	42,526	0.21
District of Columbia .....	184,168	1,546	191,101	192,647	200,840	1.01
Florida .....	851,786	7,148	883,856	891,004	928,898	4.65
Georgia .....	481,807	4,043	499,947	503,990	525,425	2.63
Hawaii .....	107,050	898	111,080	111,978	116,741	0.58
Idaho .....	37,380	314	38,787	39,101	40,764	0.20
Illinois .....	890,679	7,475	924,213	931,688	971,313	4.86
Indiana .....	197,130	1,654	204,552	206,206	214,977	1.08
Iowa .....	93,379	784	96,894	97,678	101,833	0.51
Kansas .....	63,159	530	65,537	66,067	68,877	0.34
Kentucky .....	190,193	1,596	197,353	198,949	207,411	1.04
Louisiana .....	315,615	2,649	327,498	330,147	344,188	1.72
Maine .....	86,379	725	89,632	90,357	94,199	0.47
Maryland .....	488,947	4,103	507,356	511,459	533,212	2.67
Massachusetts .....	845,838	7,098	877,684	884,782	922,412	4.62
Michigan .....	347,416	2,916	360,496	363,412	378,867	1.90
Minnesota .....	224,017	1,880	232,451	234,331	244,298	1.22
Mississippi .....	125,046	1,049	129,754	130,803	136,367	0.68
Missouri .....	239,697	2,012	248,721	250,733	261,397	1.31
Montana .....	30,185	253	31,322	31,575	32,918	0.16
Nebraska .....	67,295	565	69,828	70,393	73,387	0.37
Nevada .....	136,467	1,145	141,605	142,750	148,822	0.75
New Hampshire .....	83,629	702	86,778	87,480	91,201	0.46
New Jersey .....	665,167	5,582	690,211	695,793	725,385	3.63
New Mexico .....	65,583	550	68,052	68,602	71,520	0.36
New York .....	2,299,097	19,294	2,385,657	2,404,951	2,507,236	12.55
North Carolina .....	346,840	2,911	359,898	362,809	378,239	1.89
North Dakota .....	31,645	266	32,836	33,102	34,509	0.17
Ohio .....	552,456	4,636	573,256	577,892	602,471	3.02
Oklahoma .....	126,234	1,059	130,987	132,046	137,663	0.69
Oregon .....	214,832	1,803	222,921	224,724	234,281	1.17
Pennsylvania .....	585,889	4,917	607,948	612,865	638,930	3.20
Rhode Island .....	81,634	685	84,708	85,393	89,024	0.45
South Carolina .....	144,639	1,214	150,084	151,298	157,733	0.79
South Dakota .....	27,842	234	28,890	29,124	30,362	0.15
Tennessee .....	220,038	1,847	228,322	230,169	239,958	1.20
Texas .....	991,187	8,318	1,028,504	1,036,822	1,080,919	5.41
Utah .....	70,292	590	72,939	73,529	76,655	0.38
Vermont .....	49,172	413	51,023	51,436	53,624	0.27
Virginia .....	378,593	3,177	392,847	396,024	412,867	2.07
Washington .....	437,922	3,675	454,409	458,084	477,567	2.39
West Virginia .....	65,320	548	67,779	68,327	71,233	0.36
Wisconsin .....	156,879	1,317	162,786	164,103	171,082	0.86
Wyoming .....	13,803	116	14,323	14,439	15,053	0.08
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	35,259	296	36,587	36,883	38,451	0.19
Northern Mariana Islands .....	3,919	33	4,067	4,100	4,274	0.02
Puerto Rico .....	187,169	1,571	194,216	195,787	204,114	1.02
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	10,868	91	11,277	11,368	11,852	0.06
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	22,000	.....
<b>Total .....</b>	<b>18,316,054</b>	<b>153,712</b>	<b>19,005,647</b>	<b>19,159,359</b>	<b>19,996,216</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs

86-0304-0-1-604

**Table 17-31. PUBLIC HOUSING CAPITAL FUND (14.872)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	57,961	1,478	55,887	57,365	60,259	3.07
Alaska .....	2,301	58	2,219	2,277	2,392	0.12
Arizona .....	7,745	197	7,468	7,665	8,052	0.41
Arkansas .....	21,719	554	20,941	21,495	22,581	1.15
California .....	74,710	1,905	72,036	73,941	77,672	3.95
Colorado .....	10,474	267	10,099	10,366	10,889	0.55
Connecticut .....	21,963	560	21,176	21,736	22,833	1.16
Delaware .....	4,140	106	3,992	4,098	4,305	0.22
District of Columbia .....	14,662	374	14,138	14,512	15,244	0.78
Florida .....	52,990	1,352	51,093	52,445	55,091	2.81
Georgia .....	66,264	1,690	63,892	65,582	68,892	3.51
Hawaii .....	9,819	250	9,468	9,718	10,209	0.52
Idaho .....	922	24	889	913	959	0.05
Illinois .....	132,856	3,388	128,101	131,489	138,124	7.03
Indiana .....	22,402	571	21,601	22,172	23,290	1.19
Iowa .....	5,095	130	4,912	5,042	5,297	0.27
Kansas .....	10,236	261	9,869	10,130	10,641	0.54
Kentucky .....	33,067	843	31,884	32,727	34,379	1.75
Louisiana .....	43,781	1,116	42,214	43,330	45,515	2.32
Maine .....	5,248	134	5,061	5,195	5,457	0.28
Maryland .....	27,798	709	26,803	27,512	28,901	1.47
Massachusetts .....	53,466	1,363	51,553	52,916	55,586	2.83
Michigan .....	32,288	823	31,133	31,956	33,568	1.71
Minnesota .....	29,250	746	28,203	28,949	30,411	1.55
Mississippi .....	21,069	537	20,316	20,853	21,905	1.12
Missouri .....	28,530	728	27,508	28,236	29,661	1.51
Montana .....	2,674	68	2,578	2,646	2,780	0.14
Nebraska .....	8,333	213	8,035	8,248	8,664	0.44
Nevada .....	5,457	139	5,261	5,400	5,673	0.29
New Hampshire .....	4,753	121	4,583	4,704	4,941	0.25
New Jersey .....	64,253	1,638	61,954	63,592	66,801	3.40
New Mexico .....	5,709	145	5,504	5,649	5,935	0.30
New York .....	330,956	8,439	319,111	327,550	344,079	17.52
North Carolina .....	49,997	1,275	48,208	49,483	51,980	2.65
North Dakota .....	2,153	55	2,076	2,131	2,239	0.11
Ohio .....	80,830	2,061	77,937	79,998	84,034	4.28
Oklahoma .....	15,007	382	14,470	14,852	15,602	0.79
Oregon .....	8,824	225	8,508	8,733	9,174	0.47
Pennsylvania .....	124,199	3,167	119,755	122,922	129,124	6.57
Rhode Island .....	12,549	320	12,099	12,419	13,046	0.66
South Carolina .....	21,079	538	20,325	20,863	21,916	1.12
South Dakota .....	1,666	42	1,607	1,649	1,732	0.09
Tennessee .....	54,973	1,402	53,006	54,408	57,153	2.91
Texas .....	75,406	1,923	72,707	74,630	78,395	3.99
Utah .....	2,459	63	2,371	2,434	2,556	0.13
Vermont .....	2,004	51	1,932	1,983	2,083	0.11
Virginia .....	29,618	755	28,558	29,313	30,792	1.57
Washington .....	27,600	704	26,612	27,316	28,694	1.46
West Virginia .....	8,287	211	7,990	8,201	8,615	0.44
Wisconsin .....	15,668	399	15,107	15,506	16,290	0.83
Wyoming .....	854	22	823	845	888	0.05
American Samoa .....						
Guam .....	1,220	31	1,176	1,207	1,268	0.06
Northern Mariana Islands .....						
Puerto Rico .....	109,284	2,786	105,373	108,159	113,617	5.78
Freely Associated States .....						
Virgin Islands .....	5,597	143	5,397	5,540	5,819	0.30
Indian Tribes .....						
<sup>1</sup> Undistributed .....			70,000	70,000	35,000	
<sup>2</sup> Other Program Activities .....	18,000	29,000		29,000	28,000	1.43
<b>Total .....</b>	<b>1,880,165</b>	<b>76,482</b>	<b>1,865,519</b>	<b>1,942,001</b>	<b>1,999,003</b>	<sup>3</sup> <b>100.00</b>

<sup>1</sup> Includes obligations for the Emergency/Disaster Reserve, Resident Opportunities and Self-Sufficiency, and/or Jobs-Plus.<sup>2</sup> Includes obligations for Technical Assistance, Administrative Receiverships, and Real Estate Assessment Center.<sup>3</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Community Planning and Development

86-0162-0-1-451

**Table 17-32. COMMUNITY DEVELOPMENT BLOCK GRANT (14.218; 14.225; 14.228; 14.862)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	94,656	2,867	44,005	46,872	37,475	1.26
Alaska .....	3,843	.....	4,473	4,473	3,810	0.13
Arizona .....	55,467	.....	50,748	50,748	21,896	0.74
Arkansas .....	23,434	.....	25,711	25,711	43,218	1.46
California .....	425,397	32,813	390,018	422,831	332,143	11.20
Colorado .....	39,508	2,878	36,777	39,655	31,320	1.06
Connecticut .....	24,710	14,905	110,678	125,583	33,092	1.12
Delaware .....	6,234	.....	7,050	7,050	12,971	0.44
District of Columbia .....	16,329	13,905	15,231	29,136	6,004	0.20
Florida .....	133,790	83,998	138,135	222,133	117,637	3.97
Georgia .....	73,414	2,089	80,747	82,836	68,765	2.32
Hawaii .....	12,204	.....	13,558	13,558	11,546	0.39
Idaho .....	10,473	2,328	11,934	14,262	30,693	1.03
Illinois .....	151,273	22,518	161,325	183,843	10,163	0.34
Indiana .....	54,823	6,889	65,815	72,704	137,385	4.63
Iowa .....	31,350	1,507	36,041	37,548	56,049	1.89
Kansas .....	23,628	2,028	25,844	27,872	22,009	0.74
Kentucky .....	38,295	.....	42,545	42,545	36,232	1.22
Louisiana .....	100,917	80,817	49,214	130,031	153,912	5.19
Maine .....	15,640	1,994	18,118	20,112	84,933	2.86
Maryland .....	54,086	1,390	56,175	57,565	40,482	1.36
Massachusetts .....	77,785	17,261	99,732	116,993	15,430	0.52
Michigan .....	120,148	39,413	122,239	161,652	104,099	3.51
Minnesota .....	46,695	860	52,571	53,431	44,770	1.51
Mississippi .....	28,042	2,157	29,790	31,947	53,158	1.79
Missouri .....	110,631	212	62,421	62,633	25,370	0.86
Montana .....	7,348	.....	8,346	8,346	7,108	0.24
Nebraska .....	14,544	1,854	17,983	19,837	63,328	2.13
Nevada .....	31,444	.....	20,109	20,109	4,632	0.16
New Hampshire .....	9,605	1,822	12,169	13,991	15,314	0.52
New Jersey .....	85,473	32,219	1,916,253	1,948,472	10,364	0.35
New Mexico .....	14,165	.....	15,894	15,894	73,862	2.49
New York .....	344,772	57,687	3,799,531	3,857,218	13,536	0.46
North Carolina .....	65,386	.....	74,363	74,363	17,125	0.58
North Dakota .....	84,284	.....	5,439	5,439	266,342	8.98
Ohio .....	157,314	4,546	149,612	154,158	127,411	4.30
Oklahoma .....	24,592	4,770	27,510	32,280	23,428	0.79
Oregon .....	30,259	.....	33,685	33,685	28,687	0.97
Pennsylvania .....	214,334	55,033	185,713	240,746	158,155	5.33
Rhode Island .....	12,975	2,905	20,018	22,923	14,288	0.48
South Carolina .....	33,027	.....	37,315	37,315	31,777	1.07
South Dakota .....	6,553	.....	7,117	7,117	6,061	0.20
Tennessee .....	44,564	.....	49,704	49,704	42,329	1.43
Texas .....	278,901	89,629	236,685	326,314	201,563	6.80
Utah .....	16,694	2,122	20,480	22,602	17,441	0.59
Vermont .....	28,497	.....	7,711	7,711	46,279	1.56
Virginia .....	46,224	15,578	54,343	69,921	6,567	0.22
Washington .....	49,107	901	54,833	55,734	46,696	1.57
West Virginia .....	17,546	1,697	20,734	22,431	52,191	1.76
Wisconsin .....	79,680	2,882	61,283	64,165	17,859	0.60
Wyoming .....	3,196	.....	3,605	3,605	3,071	0.10
American Samoa .....	1,159	.....	1,036	1,036	1,035	0.03
Guam .....	3,086	3,158	3,014	6,172	3,013	0.10
Northern Mariana Islands .....	824	793	969	1,762	968	0.03
Puerto Rico .....	66,984	.....	69,664	69,664	59,326	2.00
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	1,873	1,890	1,984	3,874	1,983	0.07
Indian Tribes .....	56,402	938	60,000	60,938	70,000	2.36
Undistributed .....	110,954	3,882	850,000	853,882	10,005,000	.....
<b>Total .....</b>	<b>3,714,538</b>	<b>617,135</b>	<b>9,577,997</b>	<b>10,195,132</b>	<b>12,971,301</b>	<b><sup>1</sup> 100.00</b>

NOTE: 2013 obligations include \$5.4 billion of announced funding from P.L. 113-2 and an estimated \$850 million of funding expected to be obligated that has not yet been announced. The remainder of the disaster funds provided by P.L. 113-2 are expected to be obligated in 2014.

<sup>1</sup> Excludes undistributed obligations.

Department of Labor, Employment and Training Administration

16-0179-0-1-603

**Table 17-33. UNEMPLOYMENT INSURANCE (17.225)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	37,038	.....	38,030	76,060	.....	.....
Alaska .....	24,207	.....	28,256	56,512	.....	.....
Arizona .....	41,057	.....	42,165	84,330	.....	.....
Arkansas .....	24,903	.....	26,189	52,378	.....	.....
California .....	439,524	.....	468,307	936,614	.....	.....
Colorado .....	45,633	.....	45,605	91,210	.....	.....
Connecticut .....	61,690	.....	60,542	121,084	.....	.....
Delaware .....	11,279	.....	12,010	24,020	.....	.....
District of Columbia .....	13,996	.....	12,205	24,410	.....	.....
Florida .....	95,151	.....	99,393	198,786	.....	.....
Georgia .....	72,584	.....	80,087	160,174	.....	.....
Hawaii .....	16,956	.....	17,188	34,376	.....	.....
Idaho .....	21,733	.....	20,878	41,756	.....	.....
Illinois .....	171,890	.....	178,271	356,542	.....	.....
Indiana .....	45,199	.....	50,381	100,762	.....	.....
Iowa .....	28,845	.....	30,106	60,212	.....	.....
Kansas .....	21,229	.....	23,161	46,322	.....	.....
Kentucky .....	35,174	.....	33,054	66,108	.....	.....
Louisiana .....	36,215	.....	35,732	71,464	.....	.....
Maine .....	27,450	.....	17,591	35,182	.....	.....
Maryland .....	63,193	.....	68,014	136,028	.....	.....
Massachusetts .....	69,836	.....	72,697	145,394	.....	.....
Michigan .....	128,886	.....	142,654	285,308	.....	.....
Minnesota .....	44,219	.....	49,831	99,662	.....	.....
Mississippi .....	96,553	.....	24,574	49,148	.....	.....
Missouri .....	39,410	.....	41,709	83,418	.....	.....
Montana .....	9,632	.....	10,047	20,094	.....	.....
Nebraska .....	17,659	.....	16,772	33,544	.....	.....
Nevada .....	35,847	.....	35,190	70,380	.....	.....
New Hampshire .....	17,908	.....	16,543	33,086	.....	.....
New Jersey .....	124,947	.....	129,304	258,608	.....	.....
New Mexico .....	21,596	.....	15,853	31,706	.....	.....
New York .....	235,470	.....	203,643	407,286	.....	.....
North Carolina .....	65,887	.....	68,988	137,976	.....	.....
North Dakota .....	7,452	.....	8,110	16,220	.....	.....
Ohio .....	103,585	.....	105,580	211,160	.....	.....
Oklahoma .....	26,189	.....	27,659	55,318	.....	.....
Oregon .....	55,579	.....	58,005	116,010	.....	.....
Pennsylvania .....	153,955	.....	162,351	324,702	.....	.....
Rhode Island .....	30,067	.....	15,029	30,058	.....	.....
South Carolina .....	34,250	.....	35,101	70,202	.....	.....
South Dakota .....	5,669	.....	6,485	12,970	.....	.....
Tennessee .....	42,163	.....	42,965	85,930	.....	.....
Texas .....	145,770	.....	155,972	311,944	.....	.....
Utah .....	26,051	.....	29,010	58,020	.....	.....
Vermont .....	8,010	.....	9,184	18,368	.....	.....
Virginia .....	47,354	.....	49,761	99,522	.....	.....
Washington .....	105,935	.....	115,537	231,074	.....	.....
West Virginia .....	15,844	.....	16,226	32,452	.....	.....
Wisconsin .....	72,581	.....	77,728	155,456	.....	.....
Wyoming .....	9,070	.....	10,091	20,182	.....	.....
American Samoa .....	.....	.....	.....	.....	.....	.....
Guam .....	.....	.....	.....	.....	.....	.....
Northern Mariana Islands .....	.....	.....	.....	.....	.....	.....
Puerto Rico .....	21,484	.....	21,003	42,006	.....	.....
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	3,220	.....	2,137	4,274	.....	.....
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	4	.....	.....	.....	3,842,895	.....
Dept of Health and Human Services .....	2,236	.....	2,240	4,480	2,240	100.00
<b>Total .....</b>	<b>3,159,264</b>	<b>.....</b>	<b>3,165,144</b>	<b>6,330,288</b>	<b>3,845,135</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Labor, Employment and Training Administration

16-0171-4-504

**Table 17-34. PATHWAYS BACK TO WORK**  
(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	.....	.....	146,004	146,004	.....	.....
Alaska .....	.....	.....	18,909	18,909	.....	.....
Arizona .....	.....	.....	215,575	215,575	.....	.....
Arkansas .....	.....	.....	87,033	87,033	.....	.....
California .....	.....	.....	1,619,096	1,619,096	.....	.....
Colorado .....	.....	.....	155,030	155,030	.....	.....
Connecticut .....	.....	.....	107,836	107,836	.....	.....
Delaware .....	.....	.....	21,553	21,553	.....	.....
District of Columbia .....	.....	.....	27,239	27,239	.....	.....
Florida .....	.....	.....	673,754	673,754	.....	.....
Georgia .....	.....	.....	344,887	344,887	.....	.....
Hawaii .....	.....	.....	31,943	31,943	.....	.....
Idaho .....	.....	.....	48,441	48,441	.....	.....
Illinois .....	.....	.....	454,569	454,569	.....	.....
Indiana .....	.....	.....	206,195	206,195	.....	.....
Iowa .....	.....	.....	51,225	51,225	.....	.....
Kansas .....	.....	.....	65,725	65,725	.....	.....
Kentucky .....	.....	.....	163,892	163,892	.....	.....
Louisiana .....	.....	.....	125,896	125,896	.....	.....
Maine .....	.....	.....	37,965	37,965	.....	.....
Maryland .....	.....	.....	137,105	137,105	.....	.....
Massachusetts .....	.....	.....	162,470	162,470	.....	.....
Michigan .....	.....	.....	341,460	341,460	.....	.....
Minnesota .....	.....	.....	123,630	123,630	.....	.....
Mississippi .....	.....	.....	116,902	116,902	.....	.....
Missouri .....	.....	.....	175,085	175,085	.....	.....
Montana .....	.....	.....	28,682	28,682	.....	.....
Nebraska .....	.....	.....	23,493	23,493	.....	.....
Nevada .....	.....	.....	130,497	130,497	.....	.....
New Hampshire .....	.....	.....	19,672	19,672	.....	.....
New Jersey .....	.....	.....	296,029	296,029	.....	.....
New Mexico .....	.....	.....	57,663	57,663	.....	.....
New York .....	.....	.....	637,430	637,430	.....	.....
North Carolina .....	.....	.....	363,230	363,230	.....	.....
North Dakota .....	.....	.....	6,778	6,778	.....	.....
Ohio .....	.....	.....	346,278	346,278	.....	.....
Oklahoma .....	.....	.....	82,503	82,503	.....	.....
Oregon .....	.....	.....	135,735	135,735	.....	.....
Pennsylvania .....	.....	.....	365,912	365,912	.....	.....
Rhode Island .....	.....	.....	46,482	46,482	.....	.....
South Carolina .....	.....	.....	167,405	167,405	.....	.....
South Dakota .....	.....	.....	12,013	12,013	.....	.....
Tennessee .....	.....	.....	209,262	209,262	.....	.....
Texas .....	.....	.....	716,785	716,785	.....	.....
Utah .....	.....	.....	54,784	54,784	.....	.....
Vermont .....	.....	.....	10,422	10,422	.....	.....
Virginia .....	.....	.....	167,206	167,206	.....	.....
Washington .....	.....	.....	220,053	220,053	.....	.....
West Virginia .....	.....	.....	52,458	52,458	.....	.....
Wisconsin .....	.....	.....	152,885	152,885	.....	.....
Wyoming .....	.....	.....	8,751	8,751	.....	.....
American Samoa .....	.....	.....	2,825	2,825	.....	.....
Guam .....	.....	.....	9,588	9,588	.....	.....
Northern Mariana Islands .....	.....	.....	5,239	5,239	.....	.....
Puerto Rico .....	.....	.....	239,422	239,422	.....	.....
Freely Associated States .....	.....	.....	715	715	.....	.....
Virgin Islands .....	.....	.....	7,884	7,884	.....	.....
Indian Tribes .....	.....	.....	157,500	157,500	.....	.....
Undistributed .....	.....	.....	105,000	105,000	.....	.....
<b>Total .....</b>	<b>.....</b>	<b>.....</b>	<b>10,500,000</b>	<b>10,500,000</b>	<b>.....</b>	<b>.....</b>

NOTE: All appropriations and obligations for this program would be in 2013.

Department of Transportation, Federal Aviation Administration

69-8106-0-7-402

**Table 17-35. AIRPORT IMPROVEMENT PROGRAM (20.106)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	64,220	.....	53,021	53,021	45,782	1.68
Alaska .....	228,163	.....	212,503	212,503	186,571	6.85
Arizona .....	78,617	.....	71,020	71,020	63,244	2.32
Arkansas .....	67,886	.....	47,991	47,991	42,834	1.57
California .....	264,136	.....	243,067	243,067	204,344	7.50
Colorado .....	88,610	.....	90,290	90,290	75,409	2.77
Connecticut .....	23,085	.....	19,317	19,317	16,851	0.62
Delaware .....	5,684	.....	4,614	4,614	3,677	0.13
District of Columbia .....	300	.....	324	324	270	0.01
Florida .....	147,886	.....	154,554	154,554	130,834	4.80
Georgia .....	83,067	.....	82,589	82,589	70,416	2.58
Hawaii .....	44,166	.....	31,840	31,840	27,070	0.99
Idaho .....	26,673	.....	19,192	19,192	17,431	0.64
Illinois .....	166,422	.....	133,940	133,940	120,238	4.41
Indiana .....	55,659	.....	60,302	60,302	50,628	1.86
Iowa .....	63,815	.....	43,027	43,027	38,079	1.40
Kansas .....	55,464	.....	35,943	35,943	30,793	1.13
Kentucky .....	47,643	.....	42,592	42,592	36,662	1.35
Louisiana .....	42,676	.....	54,053	54,053	44,220	1.62
Maine .....	21,088	.....	25,361	25,361	21,223	0.78
Maryland .....	34,304	.....	22,438	22,438	17,613	0.65
Massachusetts .....	43,343	.....	55,323	55,323	48,707	1.79
Michigan .....	79,288	.....	80,477	80,477	67,257	2.47
Minnesota .....	51,496	.....	53,853	53,853	44,479	1.63
Mississippi .....	34,481	.....	43,926	43,926	38,130	1.40
Missouri .....	48,340	.....	53,893	53,893	44,286	1.63
Montana .....	35,229	.....	39,491	39,491	32,755	1.20
Nebraska .....	28,326	.....	36,704	36,704	32,849	1.21
Nevada .....	41,919	.....	45,081	45,081	38,257	1.40
New Hampshire .....	17,107	.....	16,502	16,502	15,823	0.58
New Jersey .....	34,126	.....	42,139	42,139	39,168	1.44
New Mexico .....	22,978	.....	24,117	24,117	21,778	0.80
New York .....	112,272	.....	115,964	115,964	102,041	3.75
North Carolina .....	98,925	.....	82,555	82,555	70,501	2.59
North Dakota .....	52,027	.....	32,432	32,432	30,208	1.11
Ohio .....	62,111	.....	74,858	74,858	64,495	2.37
Oklahoma .....	43,762	.....	39,194	39,194	34,237	1.26
Oregon .....	65,560	.....	59,383	59,383	50,377	1.85
Pennsylvania .....	56,339	.....	68,536	68,536	54,445	2.00
Rhode Island .....	8,263	.....	8,981	8,981	7,256	0.27
South Carolina .....	48,120	.....	47,827	47,827	40,397	1.48
South Dakota .....	26,267	.....	30,821	30,821	27,147	1.00
Tennessee .....	83,751	.....	79,148	79,148	66,709	2.45
Texas .....	171,445	.....	213,400	213,400	172,036	6.31
Utah .....	61,130	.....	46,825	46,825	43,311	1.59
Vermont .....	17,393	.....	16,605	16,605	15,295	0.56
Virginia .....	92,225	.....	71,191	71,191	61,381	2.25
Washington .....	75,714	.....	95,911	95,911	81,461	2.99
West Virginia .....	19,069	.....	19,747	19,747	17,155	0.63
Wisconsin .....	77,244	.....	63,849	63,849	54,410	2.00
Wyoming .....	25,027	.....	22,961	22,961	19,186	0.70
American Samoa .....	871	.....	5,554	5,554	3,943	0.14
Guam .....	8,197	.....	11,742	11,742	8,993	0.33
Northern Mariana Islands .....	18,501	.....	11,909	11,909	10,618	0.39
Puerto Rico .....	25,733	.....	16,957	16,957	16,005	0.59
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	7,540	.....	7,918	7,918	5,381	0.20
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>3,303,679</b>	<b>.....</b>	<b>3,183,753</b>	<b>3,183,753</b>	<b>2,724,667</b>	<b><sup>1</sup> 100.00</b>

<sup>1</sup> Excludes undistributed obligations.

Department of Transportation, Federal Highway Administration

69-8083-0-7-401

**Table 17-36. HIGHWAY PLANNING AND CONSTRUCTION (20.205)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	665,999	.....	709,620	709,620	711,202	1.98
Alaska .....	461,507	.....	469,054	469,054	449,520	1.25
Arizona .....	654,796	.....	665,653	665,653	671,203	1.86
Arkansas .....	568,443	.....	463,184	463,184	474,378	1.32
California .....	3,423,175	.....	3,511,409	3,511,409	3,371,887	9.37
Colorado .....	505,742	.....	492,642	492,642	501,242	1.39
Connecticut .....	464,944	.....	471,182	471,182	460,960	1.28
Delaware .....	172,943	.....	151,518	151,518	155,183	0.43
District of Columbia .....	234,274	.....	142,903	142,903	146,359	0.41
Florida .....	1,835,563	.....	1,749,704	1,749,704	1,776,095	4.93
Georgia .....	1,225,049	.....	1,181,778	1,181,778	1,210,359	3.36
Hawaii .....	154,955	.....	165,138	165,138	151,719	0.42
Idaho .....	282,279	.....	261,848	261,848	262,210	0.73
Illinois .....	1,301,370	.....	1,301,211	1,301,211	1,332,693	3.70
Indiana .....	924,228	.....	835,752	835,752	854,042	2.37
Iowa .....	509,363	.....	437,287	437,287	440,881	1.22
Kansas .....	389,314	.....	345,882	345,882	354,244	0.98
Kentucky .....	632,595	.....	629,846	629,846	622,845	1.73
Louisiana .....	705,343	.....	640,778	640,778	628,060	1.74
Maine .....	179,128	.....	169,293	169,293	169,287	0.47
Maryland .....	561,049	.....	525,623	525,623	538,336	1.50
Massachusetts .....	608,725	.....	619,950	619,950	569,289	1.58
Michigan .....	1,028,154	.....	963,623	963,623	986,935	2.74
Minnesota .....	641,842	.....	646,600	646,600	597,879	1.66
Mississippi .....	550,698	.....	436,945	436,945	443,132	1.23
Missouri .....	900,435	.....	856,359	856,359	867,459	2.41
Montana .....	435,319	.....	400,175	400,175	376,050	1.04
Nebraska .....	300,700	.....	273,562	273,562	264,921	0.74
Nevada .....	366,811	.....	325,398	325,398	333,270	0.93
New Hampshire .....	168,096	.....	154,486	154,486	154,877	0.43
New Jersey .....	809,025	.....	1,145,171	1,145,171	935,897	2.60
New Mexico .....	351,933	.....	321,072	321,072	328,830	0.91
New York .....	1,538,148	.....	1,877,092	1,877,092	1,573,368	4.37
North Carolina .....	1,021,850	.....	990,968	990,968	933,055	2.59
North Dakota .....	483,525	.....	248,539	248,539	232,725	0.65
Ohio .....	1,258,632	.....	1,200,652	1,200,652	1,229,690	3.42
Oklahoma .....	635,292	.....	575,543	575,543	581,029	1.61
Oregon .....	419,252	.....	465,963	465,963	458,169	1.27
Pennsylvania .....	1,605,452	.....	1,507,553	1,507,553	1,537,996	4.27
Rhode Island .....	217,840	.....	214,629	214,629	200,518	0.56
South Carolina .....	572,634	.....	575,534	575,534	588,529	1.63
South Dakota .....	311,084	.....	246,739	246,739	252,702	0.70
Tennessee .....	845,746	.....	768,365	768,365	774,665	2.15
Texas .....	2,767,779	.....	2,888,901	2,888,901	2,958,150	8.22
Utah .....	324,325	.....	288,353	288,353	295,324	0.82
Vermont .....	350,238	.....	199,994	199,994	186,138	0.52
Virginia .....	916,199	.....	920,431	920,431	933,141	2.59
Washington .....	674,886	.....	607,015	607,015	621,693	1.73
West Virginia .....	475,243	.....	392,976	392,976	400,503	1.11
Wisconsin .....	718,236	.....	690,333	690,333	705,327	1.96
Wyoming .....	287,563	.....	236,600	236,600	229,526	0.64
American Samoa .....	6,952	.....	15,185	15,185	4,708	0.01
Guam .....	24,818	.....	23,042	23,042	16,807	0.05
Northern Mariana Islands .....	11,371	.....	7,580	7,580	7,700	0.02
Puerto Rico .....	138,249	.....	135,879	135,879	129,793	0.36
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	13,622	.....	9,081	9,081	9,225	0.03
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	<sup>1</sup> 4,735,593	4,735,593	<sup>1</sup> 5,893,274	.....
<b>Total .....</b>	<b>37,632,733</b>	.....	<b>41,287,186</b>	<b>41,287,186</b>	<b>41,894,999</b>	<sup>2</sup> <b>100.00</b>

NOTE: This table also includes budget account numbers 69-0500-0-1-401, 69-0504-0-1-401, and 69-0548-0-1-401.

NOTE: The FY 2013 and FY 2014 columns are estimated distributions of Federal-aid highways obligation limitation plus estimated exempt contract authority and Emergency Relief Program amounts.

<sup>1</sup> This amount includes funding for allocated programs, which has not been identified as being provided to a specific State at this time.<sup>2</sup> Excludes undistributed obligations.

Department of Transportation, Federal Transit Administration

69-8350-0-7-401

**Table 17-37. TRANSIT FORMULA GRANTS PROGRAMS (20.507)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	48,404	54,072	19,747	73,819	78,416	0.78
Alaska .....	52,307	13,218	22,259	35,477	37,687	0.38
Arizona .....	139,534	97,272	59,378	156,650	166,406	1.66
Arkansas .....	27,301	2,924	11,618	14,542	15,447	0.15
California .....	1,735,156	648,017	738,389	1,386,406	1,472,749	14.66
Colorado .....	154,553	18,993	65,770	84,763	90,042	0.90
Connecticut .....	157,639	306,249	67,083	373,332	396,582	3.95
Delaware .....	7,310	31,060	3,111	34,171	36,299	0.36
District of Columbia .....	95,998	192,587	40,852	233,439	247,976	2.47
Florida .....	398,766	255,938	169,693	425,631	452,138	4.50
Georgia .....	185,766	201,284	79,052	280,336	297,795	2.96
Hawaii .....	82,325	25,290	35,033	60,323	64,080	0.64
Idaho .....	21,916	11,630	9,326	20,956	22,261	0.22
Illinois .....	574,213	156,682	244,354	401,036	426,011	4.24
Indiana .....	111,645	40,504	47,510	88,014	93,495	0.93
Iowa .....	49,888	18,796	21,230	40,026	42,518	0.42
Kansas .....	24,827	20,242	10,565	30,807	32,725	0.33
Kentucky .....	59,379	28,125	25,269	53,394	56,719	0.56
Louisiana .....	35,764	28,196	15,219	43,415	46,119	0.46
Maine .....	25,663	9,116	10,921	20,037	21,285	0.21
Maryland .....	123,652	189,925	52,620	242,545	257,650	2.57
Massachusetts .....	688,475	213,366	292,978	506,344	537,878	5.35
Michigan .....	170,329	95,464	72,483	167,947	178,406	1.78
Minnesota .....	116,620	68,253	49,627	117,880	125,222	1.25
Mississippi .....	23,298	16,474	9,914	26,388	28,032	0.28
Missouri .....	113,316	38,050	48,221	86,271	91,644	0.91
Montana .....	10,856	8,488	4,620	13,108	13,925	0.14
Nebraska .....	23,785	24,867	10,121	34,988	37,168	0.37
Nevada .....	32,250	36,725	13,724	50,449	53,591	0.53
New Hampshire .....	18,179	10,987	7,736	18,723	19,888	0.20
New Jersey .....	628,441	146,109	267,431	413,540	439,293	4.37
New Mexico .....	29,911	28,684	12,729	41,413	43,992	0.44
New York .....	1,360,211	1,207,164	578,833	1,785,997	1,897,223	18.89
North Carolina .....	111,366	100,771	47,392	148,163	157,389	1.57
North Dakota .....	9,462	10,344	4,027	14,371	15,266	0.15
Ohio .....	202,302	76,831	86,089	162,920	173,066	1.72
Oklahoma .....	37,042	8,261	15,763	24,024	25,520	0.25
Oregon .....	158,389	43,178	67,402	110,580	117,467	1.17
Pennsylvania .....	311,765	229,446	132,670	362,116	384,668	3.83
Rhode Island .....	36,748	37,621	15,638	53,259	56,576	0.56
South Carolina .....	49,281	28,662	20,971	49,633	52,724	0.52
South Dakota .....	12,167	5,860	5,178	11,038	11,726	0.12
Tennessee .....	74,729	45,063	31,801	76,864	81,650	0.81
Texas .....	498,377	172,380	212,082	384,462	408,406	4.07
Utah .....	70,433	9,636	29,972	39,608	42,075	0.42
Vermont .....	10,688	15,261	4,548	19,809	21,043	0.21
Virginia .....	125,701	94,522	53,492	148,014	157,231	1.57
Washington .....	296,518	81,120	126,182	207,302	220,213	2.19
West Virginia .....	18,053	18,252	7,682	25,934	27,550	0.27
Wisconsin .....	141,281	50,334	60,122	110,456	117,335	1.17
Wyoming .....	7,140	6,018	3,038	9,056	9,620	0.10
American Samoa .....	.....	282	.....	282	300	*
Guam .....	2,051	134	873	1,007	1,070	0.01
Northern Mariana Islands .....	.....	1,435	.....	1,435	1,524	0.02
Puerto Rico .....	51,738	108,328	22,017	130,345	138,463	1.38
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	2,730	1,570	1,161	2,731	2,902	0.03
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	<sup>1</sup> 48,466	<sup>2</sup> 79,659	<sup>3</sup> 20,873	100,532	<sup>4</sup> 80,891	.....
<b>Total .....</b>	<b>9,604,104</b>	<b>5,469,719</b>	<b>4,086,389</b>	<b>9,556,108</b>	<b>10,125,337</b>	<sup>5</sup> <b>100.00</b>

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> FY 2012 Undistributed is the Oversight takedown.<sup>2</sup> FY 2013 Undistributed includes the Oversight takedown \$60,352 and a Undistributed amount of \$19,307 thousands.<sup>3</sup> FY 2013 new authority Undistributed line is the Oversight takedown.<sup>4</sup> FY 2013 Undistributed includes the Oversight takedown of 61,506 and a undistributed amount of \$19,385 thousands.<sup>5</sup> Excludes undistributed obligations.

Environmental Protection Agency, Office of Water

68-0103-0-1-304

**Table 17-38. CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUND (66.458)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	32,474	992	14,968	15,960	11,999	1.10
Alaska .....	8,544	531	8,012	8,543	6,423	0.59
Arizona .....	15,776	599	9,042	9,641	7,248	0.66
Arkansas .....	9,341	580	8,757	9,337	7,020	0.64
California .....	104,839	6,344	95,739	102,083	76,749	7.01
Colorado .....	11,305	709	10,707	11,416	8,584	0.78
Connecticut .....	35,623	1,087	16,399	17,486	13,146	1.20
Delaware .....	34,058	435	6,572	7,007	5,268	0.48
District of Columbia .....	17,010	435	6,572	7,007	5,268	0.48
Florida .....	48,189	2,994	45,186	48,180	36,223	3.31
Georgia .....	24,137	1,500	22,633	24,133	18,144	1.66
Hawaii .....	11,057	687	10,368	11,055	8,311	0.76
Idaho .....	7,008	435	6,572	7,007	5,268	0.48
Illinois .....	65,240	4,012	60,542	64,554	48,533	4.43
Indiana .....	34,392	2,138	32,261	34,399	25,862	2.36
Iowa .....	39,209	1,200	18,117	19,317	14,524	1.33
Kansas .....	12,886	801	12,083	12,884	9,686	0.88
Kentucky .....	18,169	1,129	17,037	18,166	13,658	1.25
Louisiana .....	32,560	975	14,716	15,691	11,797	1.08
Maine .....	11,051	687	10,362	11,049	8,307	0.76
Maryland .....	34,528	2,145	32,376	34,521	25,954	2.37
Massachusetts .....	48,488	3,012	45,449	48,461	36,434	3.33
Michigan .....	61,384	3,814	57,559	61,373	46,142	4.21
Minnesota .....	26,239	1,630	24,604	26,234	19,724	1.80
Mississippi .....	129	799	12,061	12,860	9,668	0.88
Missouri .....	80,444	2,459	37,109	39,568	29,749	2.72
Montana .....	7,122	435	6,572	7,007	5,268	0.48
Nebraska .....	7,276	454	6,847	7,301	5,489	0.50
Nevada .....	7,008	435	6,572	7,007	5,268	0.48
New Hampshire .....	14,268	886	13,377	14,263	10,724	0.98
New Jersey .....	57,755	3,625	54,702	58,327	43,852	4.00
New Mexico .....	16,753	435	6,572	7,007	5,268	0.48
New York .....	162,069	9,791	147,753	157,544	118,445	10.82
North Carolina .....	26,908	1,601	24,159	25,760	19,367	1.77
North Dakota .....	14,130	435	6,572	7,007	5,268	0.48
Ohio .....	80,368	4,994	75,359	80,353	60,412	5.52
Oklahoma .....	19,067	717	10,815	11,532	8,670	0.79
Oregon .....	16,127	1,002	15,122	16,124	12,122	1.11
Pennsylvania .....	56,549	3,514	53,025	56,539	42,508	3.88
Rhode Island .....	9,586	596	8,988	9,584	7,206	0.66
South Carolina .....	15,273	909	13,713	14,622	10,993	1.00
South Dakota .....	7,108	435	6,572	7,007	5,268	0.48
Tennessee .....	20,738	1,289	19,446	20,735	15,589	1.42
Texas .....	65,414	4,054	61,183	65,237	49,048	4.48
Utah .....	7,522	467	7,053	7,520	5,654	0.52
Vermont .....	7,008	435	6,572	7,007	5,268	0.48
Virginia .....	29,216	1,815	27,396	29,211	21,962	2.01
Washington .....	24,826	1,542	23,279	24,821	18,662	1.70
West Virginia .....	22,254	1,383	20,867	22,250	16,728	1.53
Wisconsin .....	78,515	2,398	36,190	38,588	29,011	2.65
Wyoming .....	7,014	435	6,572	7,007	5,268	0.48
American Samoa .....	7,734	480	7,252	7,732	5,814	0.53
Guam .....	7,045	348	5,247	5,595	4,207	0.38
Northern Mariana Islands .....	3,595	233	3,371	3,604	2,702	0.25
Puerto Rico .....	38,074	1,157	17,459	18,616	13,996	1.28
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	4,781	279	4,209	4,488	3,374	0.31
Indian Tribes .....	16,859	1,810	27,319	29,129	21,900	2.00
Undistributed .....	.....	.....	.....	.....	.....	..
<b>Total .....</b>	<b>1,682,041</b>	<b>90,518</b>	<b>1,365,938</b>	<sup>1</sup> <b>1,456,456</b>	<b>1,095,000</b>	<sup>2</sup> <b>100.00</b>

<sup>1</sup> FY2013 totals do not include supplemental funding provided by Public Law 113-2, the Disaster Relief Appropriations Act, 2013.<sup>2</sup> Excludes undistributed obligations.

Environmental Protection Agency, Office of Water

68-0103-0-1-304

**Table 17-39. CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND (66.468)**

(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	22,799	906	10,219	11,125	9,899	1.21
Alaska .....	9,001	731	8,244	8,975	7,987	0.98
Arizona .....	22,181	1,467	16,559	18,026	16,040	1.96
Arkansas .....	27,834	1,106	12,476	13,582	12,086	1.48
California .....	85,058	6,834	77,123	83,957	74,702	9.14
Colorado .....	16,186	1,296	14,624	15,920	14,166	1.73
Connecticut .....	18,393	731	8,244	8,975	7,987	0.98
Delaware .....	9,125	731	8,244	8,975	7,987	0.98
District of Columbia .....	18,758	731	8,244	8,975	7,987	0.98
Florida .....	29,306	2,385	26,921	29,306	26,077	3.19
Georgia .....	46,793	1,726	19,482	21,208	18,872	2.31
Hawaii .....	9,125	731	8,244	8,975	7,987	0.98
Idaho .....	9,081	731	8,244	8,975	7,987	0.98
Illinois .....	33,879	2,758	31,121	33,879	30,146	3.69
Indiana .....	14,970	1,219	13,751	14,970	13,321	1.63
Iowa .....	16,077	1,247	14,075	15,322	13,633	1.67
Kansas .....	11,330	894	10,087	10,981	9,771	1.20
Kentucky .....	12,956	1,055	11,901	12,956	11,529	1.41
Louisiana .....	34,760	1,381	15,581	16,962	15,093	1.85
Maine .....	9,125	731	8,244	8,975	7,987	0.98
Maryland .....	14,795	1,134	12,792	13,926	12,392	1.52
Massachusetts .....	17,012	1,362	15,370	16,732	14,889	1.82
Michigan .....	27,263	2,219	25,044	27,263	24,259	2.97
Minnesota .....	15,062	1,226	13,836	15,062	13,403	1.64
Mississippi .....	19,143	760	8,581	9,341	8,312	1.02
Missouri .....	53,968	1,412	15,936	17,348	15,437	1.89
Montana .....	9,125	731	8,244	8,975	7,987	0.98
Nebraska .....	8,717	731	8,244	8,975	7,987	0.98
Nevada .....	9,125	731	8,244	8,975	7,987	0.98
New Hampshire .....	9,125	731	8,244	8,975	7,987	0.98
New Jersey .....	20,174	1,561	17,613	19,174	17,061	2.09
New Mexico .....	21,406	731	8,244	8,975	7,987	0.98
New York .....	61,322	4,814	54,324	59,138	52,622	6.44
North Carolina .....	24,698	1,916	21,621	23,537	20,944	2.56
North Dakota .....	18,393	731	8,244	8,975	7,987	0.98
Ohio .....	30,821	2,347	26,492	28,839	25,662	3.14
Oklahoma .....	11,337	908	10,243	11,151	9,923	1.21
Oregon .....	9,864	731	8,244	8,975	7,987	0.98
Pennsylvania .....	26,737	2,140	24,157	26,297	23,399	2.86
Rhode Island .....	18,393	731	8,244	8,975	7,987	0.98
South Carolina .....	9,418	731	8,244	8,975	7,987	0.98
South Dakota .....	9,125	731	8,244	8,975	7,987	0.98
Tennessee .....	10,142	812	9,163	9,975	8,876	1.09
Texas .....	116,946	4,643	52,398	57,041	50,755	6.21
Utah .....	9,125	731	8,244	8,975	7,987	0.98
Vermont .....	18,396	731	8,244	8,975	7,987	0.98
Virginia .....	15,469	1,238	13,977	15,215	13,539	1.66
Washington .....	22,914	1,865	21,049	22,914	20,389	2.50
West Virginia .....	9,278	731	8,244	8,975	7,987	0.98
Wisconsin .....	34,115	1,260	14,214	15,474	13,769	1.69
Wyoming .....	9,125	731	8,244	8,975	7,987	0.98
American Samoa .....	1,447	111	1,249	1,360	1,210	0.15
Guam .....	3,018	277	3,121	3,398	3,023	0.37
Northern Mariana Islands .....	4,007	331	3,734	4,065	3,618	0.44
Puerto Rico .....	18,393	731	8,244	8,975	7,987	0.98
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	4,869	378	4,262	4,640	4,128	0.51
Indian Tribes .....	18,394	1,494	16,864	18,358	16,341	2.00
Undistributed .....	.....	.....	.....	.....	.....	.....
<sup>1</sup> Unregulated Contaminant Monitoring Role (UCMR) .....	1,840	163	1,837	2,000	2,000	0.24
<b>Total .....</b>	<b>1,199,237</b>	<b>74,727</b>	<b><sup>1</sup> 843,165</b>	<b><sup>2</sup> 917,892</b>	<b><sup>3</sup> 817,000</b>	<b><sup>4</sup> 100.00</b>

<sup>1</sup> EPA is required by Section 1452(o) of the Safe Drinking Water Act (SDWA), as amended, to annually set-aside \$2 million of State Revolving Funds to pay the costs of small system monitoring and sample analysis for contaminants for each cycle of the UCMR. EPA uses the Unregulated Contaminant Monitoring (UCM) program to collect data for contaminants suspected to be present in drinking water, but that do not have health-based standards set under the Safe Drinking Water Act (SDWA).

<sup>2</sup> FY2013 totals do not include supplemental funding provided by Public Laws 113-2, the Disaster Relief Appropriations Act, 2013.

<sup>3</sup> Since the results of the FY2011 Needs Survey have not yet been released, the FY2014 state allocations are currently based on the 2007 Needs Survey, which was used for both FY2012 and FY2013. The FY2014-2018 state allocations will ultimately be based on the most recent needs survey, which EPA will release separately.

<sup>4</sup> Excludes undistributed obligations.

Federal Communications Commission

27-5183-0-2-376

**Table 17-40. UNIVERSAL SERVICE FUND E-RATE**  
(Obligations in thousands of dollars)

State or Territory	FY 2012 Actual	Estimated FY 2013 obligations from:			FY 2014 (estimated)	FY 2014 Percentage of distributed total
		Previous authority	2013 CR or New Authority	Total		
Alabama .....	42,628	32,197	10,167	42,364	43,815	2.33
Alaska .....	25,340	19,140	6,044	25,184	26,046	1.38
Arizona .....	53,557	40,451	12,774	53,225	55,048	2.92
Arkansas .....	18,645	14,082	4,447	18,529	19,164	1.02
California .....	272,316	205,679	64,951	270,630	279,901	14.87
Colorado .....	24,224	18,296	5,778	24,074	24,898	1.32
Connecticut .....	14,238	10,754	3,396	14,150	14,635	0.78
Delaware .....	1,963	1,483	468	1,951	2,018	0.11
District of Columbia .....	9,654	7,292	2,303	9,595	9,923	0.53
Florida .....	65,201	49,246	15,551	64,797	67,017	3.56
Georgia .....	89,690	67,743	21,392	89,135	92,188	4.90
Hawaii .....	2,002	1,512	478	1,990	2,058	0.11
Idaho .....	10,394	7,851	2,479	10,330	10,684	0.57
Illinois .....	83,874	63,350	20,005	83,355	86,210	4.58
Indiana .....	31,740	23,973	7,570	31,543	32,624	1.73
Iowa .....	12,800	9,668	3,053	12,721	13,157	0.70
Kansas .....	15,167	11,456	3,618	15,074	15,590	0.83
Kentucky .....	33,919	25,619	8,090	33,709	34,864	1.85
Louisiana .....	43,880	33,142	10,466	43,608	45,102	2.40
Maine .....	6,660	5,031	1,589	6,620	6,846	0.36
Maryland .....	38,236	28,880	9,120	38,000	39,301	2.09
Massachusetts .....	13,655	10,313	3,257	13,570	14,035	0.75
Michigan .....	42,591	32,169	10,159	42,328	43,777	2.33
Minnesota .....	24,543	18,537	5,854	24,391	25,226	1.34
Mississippi .....	21,334	16,114	5,088	21,202	21,928	1.17
Missouri .....	31,399	23,715	7,489	31,204	32,273	1.71
Montana .....	3,508	2,649	837	3,486	3,605	0.19
Nebraska .....	9,153	6,913	2,183	9,096	9,407	0.50
Nevada .....	3,470	2,621	828	3,449	3,567	0.19
New Hampshire .....	1,801	1,361	430	1,791	1,852	0.10
New Jersey .....	47,096	35,571	11,233	46,804	48,407	2.57
New Mexico .....	23,369	17,651	5,574	23,225	24,020	1.28
New York .....	98,071	74,073	23,391	97,464	100,803	5.36
North Carolina .....	49,187	37,151	11,732	48,883	50,557	2.69
North Dakota .....	3,185	2,406	760	3,166	3,274	0.17
Ohio .....	62,884	47,496	14,999	62,495	64,635	3.43
Oklahoma .....	48,680	36,768	11,611	48,379	50,036	2.66
Oregon .....	15,189	11,472	3,623	15,095	15,612	0.83
Pennsylvania .....	52,818	39,893	12,598	52,491	54,289	2.88
Rhode Island .....	5,602	4,231	1,336	5,567	5,758	0.31
South Carolina .....	34,282	25,893	8,177	34,070	35,237	1.87
South Dakota .....	4,340	3,278	1,035	4,313	4,461	0.24
Tennessee .....	39,316	29,695	9,377	39,072	40,411	2.15
Texas .....	171,089	129,223	40,807	170,030	175,854	9.34
Utah .....	15,137	11,433	3,610	15,043	15,559	0.83
Vermont .....	1,820	1,375	434	1,809	1,871	0.10
Virginia .....	25,582	19,322	6,102	25,424	26,295	1.40
Washington .....	25,650	19,373	6,118	25,491	26,364	1.40
West Virginia .....	11,159	8,428	2,662	11,090	11,470	0.61
Wisconsin .....	27,175	20,525	6,482	27,007	27,932	1.48
Wyoming .....	1,876	1,417	447	1,864	1,928	0.10
American Samoa .....	2,146	1,621	512	2,133	2,206	0.12
Guam .....	674	509	161	670	693	0.04
Northern Mariana Islands .....	558	421	133	554	574	0.03
Puerto Rico .....	9,559	7,220	2,280	9,500	9,825	0.52
Freely Associated States .....	.....	.....	.....	.....	.....	.....
Virgin Islands .....	7,088	5,354	1,691	7,045	7,286	0.39
Indian Tribes .....	.....	.....	.....	.....	.....	.....
Undistributed .....	.....	.....	.....	.....	.....	.....
<b>Total .....</b>	<b>1,831,114</b>	<b>1,383,036</b>	<b>436,749</b>	<b>1,819,785</b>	<b>1,882,116</b>	<sup>1</sup> 100.00

<sup>1</sup> Excludes undistributed obligations.

## 18. STRENGTHENING FEDERAL STATISTICS

Federal statistical programs produce key information to illuminate public and private decisions on a range of topics, including the economy, the population, the environment, agriculture, crime, education, energy, health, science, and transportation. The share of budget resources spent on supporting Federal statistics is relatively modest—about 0.04 percent of GDP in non-decennial census years and roughly double that in decennial census years—but that funding is leveraged to inform crucial decisions in a wide variety of spheres. The ability of governments, businesses, and the general public to make appropriate decisions about budgets, employment, investments, taxes, and a host of other important matters depends critically on the ready and equitable availability of objective, relevant, accurate, and timely Federal statistics.

The Federal statistical community is attentive to opportunities to improve these measures of our Nation's performance, which is critical to fostering long-term global competitiveness. For example, during 2012, Federal statistical agencies:

- initiated data collection for the 2012 Economic Census from over 29 million business establishments covering 84 percent of economic activity in the Gross Domestic Product (*Census Bureau*);
- released reports updating information about how U.S. students compared to their counterparts in other nations in terms of math, reading, and science skills (*National Center for Education Statistics*);
- released new measures of household expenditures on health care classified by disease that facilitate the assessment of benefits and costs of treatment and provide a better understanding of factors driving growth in health care spending (*Bureau of Economic Analysis*);
- developed statistical techniques and processes to improve the accuracy and coverage of the Census of Agriculture (*National Agricultural Statistics Service*);
- provided timely information and analysis on the impacts of one of the most severe and extensive U.S. droughts in 25 years in order to assess its potential effects on food prices and consumers, farms, and the crop and livestock sectors (*Economic Research Service*);
- reviewed and strengthened methods used to prevent disclosure of taxpayer information in tabulated data disseminated over the Internet in order to preserve taxpayer confidentiality (*Statistics of Income Division, IRS*);
- published, on an experimental basis, a new aggregation structure that includes Producer Price Indexes (PPI) for intermediate and final demand that measure inflation for U.S. services as well as goods, thereby greatly expanding PPI coverage of the United States economy (*Bureau of Labor Statistics*);
- improved public access to 1.4 million data points of annual time-series data summarizing energy production, consumption, prices, and expenditures back to 1960 (*Energy Information Administration*);
- expanded use of administrative records for statistical purposes by entering into two new agreements to link administrative data to survey data in other agencies, thus avoiding investments in more costly surveys (*Office of Research, Evaluation, and Statistics, SSA*);
- provided current national and State-specific (for the largest States) data to track health insurance coverage, including coverage under both traditional and consumer-directed insurance arrangements (*National Center for Health Statistics*);
- launched a new tool providing a direct and user-friendly way to work with 19 years of data about victims of crime (*Bureau of Justice Statistics*);
- provided Commodity Flow Survey respondents, for the first time, with the option to report electronically via the Internet, resulting in reduced costs and overall improvement of data quality (*Bureau of Transportation Statistics*);
- improved the timeliness, quality and efficiency of its Scientists and Engineers Statistical Data System by increasing the sample size of the National Survey of College Graduates for young graduates, thereby improving understanding of the transition to employment of science and engineering graduates (*National Center for Science and Engineering Statistics*); and
- significantly increased the data quality of the American Community Survey by expanding its sample size to 3.5 million households (*Census Bureau*).

For Federal statistical programs to be useful to their wide range of users, the underlying data systems must be credible. To foster this credibility, Federal statistical programs seek to adhere to high-quality standards and to maintain integrity, transparency, and efficiency in the production of data. As the collectors and providers of these basic statistics, the responsible agencies act as data stewards—balancing public information demands and decision-makers' needs for information with legal and

ethical obligations to minimize reporting burden, respect respondents' privacy, and protect the confidentiality of the data provided to the Government. The Administration remains committed to unlocking the power of Government data to improve the quality of information available to the American people while maximizing the cost-effective use of resources for the collection of Federal statistics within a constrained fiscal environment. This chapter presents highlights of principal statistical agencies' 2014 budget proposals.

### Highlights of 2014 Program Budget Proposals

The programs that provide essential statistical information for use by governments, businesses, researchers, and the public are carried out by agencies spread across every department and several independent agencies. Excluding cyclical funding for the decennial census, approximately 40 percent of the total budget for these programs provides resources for 13 agencies or units that have statistical activities as their principal mission (see Table 18–1). The remaining funding supports work in approximately 90 agencies or units that carry out statistical activities in conjunction with other missions such as providing services, conducting research, or implementing regulations. More comprehensive budget and program information about the Federal statistical system, including its core programs, will be available in OMB's annual report, *Statistical Programs of the United States Government, Fiscal Year 2014*, when it is published later this year. The following highlights the Administration's proposals for the programs of the principal Federal statistical agencies, giving particular attention to new initiatives and to other program changes, including terminations or reductions.

**Bureau of Economic Analysis (BEA), Department of Commerce:** Funding is requested to provide support for ongoing BEA programs and to better capture and measure the impacts of foreign direct investment (FDI) in the U.S. economy. BEA will improve overall coverage and measurement of FDI by implementing a new survey that will identify and quantify new investment in the U.S. by foreign investors. In addition, BEA plans to: (1) continue to implement a critical modernization of the Bureau's information technology system that will lead to an increase in operational efficiency and security of BEA's statistical production and analysis and (2) continue to develop new measures of Gross Domestic Product (GDP) by industry on a quarterly basis to provide real-time information on the health and stability of sectors within the U.S. economy. BEA will replace its "Advance" GDP by industry measures, which are currently available only on an annual basis, with the new quarterly measures of GDP by industry.

**Bureau of Justice Statistics (BJS), Department of Justice:** Funding is requested to provide support for ongoing BJS programs and to: (1) improve BJS' criminal victimization statistics derived from the National Crime Victimization Survey with special emphasis on exploring the feasibility of generating sub-national estimates and enhancing data on the crimes of rape and sexual assault; (2) continue exploration of the use of administrative re-

cords data in police and correctional agencies to provide new statistics in these areas, including recidivism information, arrests, and offenses known to the police; (3) expand the surveys of inmates of prisons and jails to inform the process of re-entry; (4) improve the availability of justice statistics for Indian country; and (5) continue to support the enhancement of criminal justice statistics available through State statistical analysis centers.

**Bureau of Labor Statistics (BLS), Department of Labor:** Funding is requested to provide support for ongoing BLS programs and to: (1) add an annual supplement to the Current Population Survey to capture data on contingent work and alternative work arrangements in even years, and on other topics in odd years; and (2) modify the Consumer Expenditure Survey to support the Census Bureau in its development of a supplemental statistical poverty measure. In order to preserve funding for core statistical programs, the funding request also includes four reductions that would produce savings: (1) eliminate the Green Jobs initiative; (2) eliminate the Mass Layoff Statistics program; (3) eliminate the International Labor Comparisons program; and (4) consolidate BLS IT help desk services.

**Bureau of Transportation Statistics (BTS), Department of Transportation:** Funding is requested to provide support for ongoing BTS programs and to: (1) continue product dissemination for the 2012 Commodity Flow Survey; (2) expand work on performance measures as required by MAP-21 (Moving Ahead for Progress in the 21st Century Act); (3) identify opportunities to integrate and improve safety data across transportation modes; (4) support collection of data on passenger travel; and (5) develop estimates of the value of transportation infrastructure and facilities to inform DOT investment strategies.

**Census Bureau, Department of Commerce:** Funding is requested to provide support for ongoing Census Bureau programs and to: (1) continue critical research and testing for the 2020 Census program to support fundamental changes to program, business, operational, and technical processes; (2) complete data collection and the review and publication of industry reports for the five-year benchmarking Economic Census; (3) complete data processing and development of data products for the Census of Governments; (4) deepen and broaden an existing Statistical Community of Practice and Engagement test bed to identify effective automated methods to improve the interoperability of cross-agency statistical and administrative data; and (5) pilot increased collaboration between Census and other Federal agencies, where Census would provide a secure mechanism for restricted access to those agencies' confidential data through its research data centers and possibly establish additional data linkage and disclosure procedures.

**Economic Research Service (ERS), Department of Agriculture:** Funding is requested to provide support for ongoing ERS programs, including research that: (1) explores how investments in rural people, businesses, and communities affect the capacity of rural economies to prosper in the new and changing global marketplace; (2) improves agricultural competitiveness and economic

growth related to natural resource policies and programs that respond to the challenges of climate change and environmental protection; (3) analyzes the U.S. food and agriculture sector's performance in the context of increasingly globalized markets; (4) evaluates the Nation's nutrition assistance programs to study the relationship among the many factors that influence food choices and health outcomes including obesity; and (5) values societal benefits associated with reducing food safety risks. In addition, funding is requested for the Research Innovations for Improving Policy Effectiveness initiative, which will strengthen ERS' ability to conduct research through the use of behavioral economics and the statistical use of administrative data in order to address critical information gaps that hinder policy effectiveness.

**Energy Information Administration (EIA), Department of Energy:** Funding is requested to provide support for ongoing EIA programs and to: (1) complete the 2012 Commercial Buildings Energy Consumption Survey, including release of data that provide U.S. benchmarks used to inform investments in new technologies, performance labeling, and energy management practices; (2) launch the 2014 Residential Energy Consumption Survey, which collects information from a nationally representative sample of housing units, including data on energy characteristics of homes, usage patterns, and household demographics; (3) resume modernizing and streamlining data collection processes across energy supply surveys to yield significant efficiencies in the agency's largest operational area; (4) enhance EIA's ability to monitor, forecast, and report on international energy developments; (5) resume upgrades to EIA's forecasting capabilities through the modernization of the National Energy Modeling System; and (6) improve and expand customer internet access to EIA data and information.

**National Agricultural Statistics Service (NASS), Department of Agriculture:** Funding is requested to provide support for ongoing NASS programs and to: (1) publish Census of Agriculture products by congressional district, watershed, zip code, and Indian reservation; (2) conduct a Farm and Ranch Irrigation Survey to provide one of the most complete and detailed profiles of irrigation in the United States; (3) field a Census of Aquaculture to provide a comprehensive picture of the aquaculture sector at the State and national levels; and (4) produce four of the Current Industrial Reports, previously issued by the Census Bureau.

**National Center for Education Statistics (NCES), Department of Education:** Funding is requested to provide support for ongoing NCES programs and to: (1) pilot a State-representative sample of the Program of International Student Assessment of 15 year-olds in reading, mathematics, and science for a limited number of participating States; (2) collect student-level institutional administrative data on a 2-year cycle to supplement the National Postsecondary Student Aid Study 4-year student survey data with more frequent information on educational costs, financial aid, enrollment, and progress; and (3) conduct the National Adult Training and Education Pilot Study, in partnership with the Census Bureau, Bureau

of Labor Statistics, and Council of Economic Advisers, to develop a methodology for collecting information on all postsecondary certificates and training, not just on those provided by institutions of higher education.

**National Center for Health Statistics (NCHS), Department of Health and Human Services:** Funding is requested to provide support for ongoing NCHS programs and to: (1) expand information from NCHS' family of provider surveys in order to monitor health care utilization more closely; and (2) support expansion within base resources of automated National Vital Statistics that are collected by the States and compiled by NCHS in order to fully implement electronic birth records in the two remaining jurisdictions and gradually phase in electronic death records in the 21 remaining jurisdictions over four years. The vital statistics information will be used to improve tracking of priority health initiatives related to births to unmarried women, teenage pregnancy, and causes of death.

**National Center for Science and Engineering Statistics (NCSES), National Science Foundation:** Funding is requested to provide support for ongoing NCSES programs and to: (1) conduct an R&D survey of nonprofit institutions; (2) conduct the State level R&D survey more frequently; (3) develop and test successful data collection strategies for the Microbusiness Innovation Science and Technology Survey; (4) expand the use of administrative records sources to augment existing survey information on the relationship of Federal grants to Science, Technology, Engineering, and Mathematics (STEM) education and outcomes, innovation, and other R&D information; (5) expand measures on the Survey of Doctorate Recipients to understand the role of, and better target funding of, Federal research support for graduate education and outcomes; and (6) plan and design program modifications to support the development of new science and technology indicators.

**Office of Research, Evaluation, and Statistics (ORES), Social Security Administration:** Funding is requested to provide support for ongoing ORES programs and to continue to: (1) support outside surveys and linkage of SSA administrative data to surveys; (2) field a topical module for the redesign of the Survey of Income and Program Participation to address Social Security's data needs for microsimulation models, program evaluation, and analysis; (3) strengthen microsimulation models that estimate the distributional effects of proposed changes in Social Security programs; (4) provide enhanced statistical and analytical support for initiatives to improve Social Security and other government agency programs; (5) fund retirement-related research through a Retirement Research Consortium; and (6) fund two Disability Research Centers to conduct disability-related research, focusing on collaborative efforts with other government agencies and interagency groups.

**Statistics of Income Division (SOI), Department of the Treasury:** Funding is requested to provide support for ongoing SOI programs and to: (1) further modernize tax data collection systems by efficiently assimilating data captured from the electronic filing of tax and

information returns to the SOI program; (2) integrate population and information return data with SOI-edited data to provide rich longitudinal and/or cross-sector data that can be used to better understand the complex interaction between taxes and economic behavior; (3) develop improved statistical techniques for identifying and cor-

recting outliers and data anomalies in Internal Revenue Service administrative population files; (4) partner with tax policy experts within and outside government to produce top quality research on important tax administration issues; and (5) enhance the design, quality and number of SOI's products and resources.

**Table 18–1. 2012–2014 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES<sup>1</sup>**

(In millions of dollars)

	2012 Actual	Estimate	
		2013 CR	2014
Bureau of Economic Analysis .....	92	93	100
Bureau of Justice Statistics <sup>2</sup> .....	52	56	64
Bureau of Labor Statistics .....	609	613	610
Bureau of Transportation Statistics .....	26	26	26
Census Bureau <sup>3</sup> .....	972	940	1013
Salaries and Expenses <sup>3</sup> .....	283	285	286
Periodic Censuses and Programs .....	689	655	727
Economic Research Service .....	78	78	79
Energy Information Administration .....	105	106	117
National Agricultural Statistics Service <sup>4</sup> .....	159	160	160
National Center for Education Statistics <sup>5</sup> .....	264	265	273
Statistics <sup>5</sup> .....	125	126	140
Assessment .....	130	130	125
National Assessment Governing Board .....	9	9	8
National Center for Health Statistics <sup>6</sup> .....	159	159	181
National Center for Science and Engineering Statistics, NSF <sup>7</sup> .....	43	43	49
Office of Research, Evaluation, and Statistics, SSA .....	29	26	30
Statistics of Income Division, IRS .....	39	37	37

<sup>1</sup> Reflects any rescissions.

<sup>2</sup> Includes reimbursable funding to BJS (\$3.7 million) and funds for management and administrative costs (\$7.2 million) totaling \$10.9, \$10.9, and \$10.9 million in 2012, 2013, 2014, respectively, that were previously displayed separately.

<sup>3</sup> Salaries and Expenses funds include discretionary and mandatory funds.

<sup>4</sup> Includes funds for the periodic Census of Agriculture of \$42, \$42, and \$42 million in 2012, 2013, and 2014, respectively. The 2014 Census of Agriculture request will be used for publishing the 2012 Census data and conducting follow-on surveys.

<sup>5</sup> Includes funds for salaries and expenses of \$17, \$17, and \$17 million in 2012, 2013, and 2014, respectively, that are displayed in the Budget Appendix under the Institute of Education Sciences (IES). In addition, NCES manages the IES grant program for the State Longitudinal Data System which is funded at \$38 million, \$38 million, and \$85 million in 2012, 2013, and 2014, respectively.

<sup>6</sup> All funds from the Public Health Service Evaluation Fund. The estimates do not include resources from the Prevention and Public Health Fund. The estimates appear larger than previously reported because the FY 2012–2014 levels are comparably adjusted for FY 12 and 13 to reflect business support services formerly shown separately but now included in the FY 2014 budget estimates.

<sup>7</sup> Includes funds for salaries and expenses of approximately \$7 million each year.

## 19. INFORMATION TECHNOLOGY

*The Administration is committed to building a 21st century Government that is more efficient and effective for the American people. The strategic use of information technology (IT) is critical to the Administration's success in achieving that goal. The Federal Government for 2014 plans to invest over \$82 billion a year in IT. To ensure that this investment in IT is optimized, the Federal Chief Information Officer (CIO) is focused on policy and oversight activities in three key areas: maximizing the return on investment in Federal IT; driving innovation to meet customer needs; and securing and protecting the Government's data. All Federal agencies will be tasked to:*

- Deliver by Maximizing the Return on Investment of Federal IT – In order to innovate with less, the Government must better manage and integrate IT services. This means consolidating redundant applications, systems, and services and using enterprise-wide solutions. It also means establishing common testing platforms to foster interoperability and portability, streamlining the creation of new IT infrastructure, and shifting from an asset-ownership to a service-orientation model via cloud computing. Initiatives such as the IT Dashboard, TechStat, PortfolioStat,<sup>1</sup> the Federal Data Center Consolidation Initiative (FDCCI), and cloud computing efforts support this objective.
- Innovate to Better Serve Customers – The interconnectedness of our digital world dictates that the Government buy, build and manage IT in a new way. Rapidly adopting innovative technologies, improving the efficiency and effectiveness of the Federal workforce through technology, and fostering a more participatory and citizen-centric Government are critical to providing the services that citizens expect from a 21st Century Government. Initiatives such as the Digital Government Strategy<sup>2</sup> support this objective.
- Protect Federal IT Assets and Data Through Improved Cybersecurity – The President has identified the Cybersecurity threat as one of the most serious national security, public safety, and economic challenges we face as a nation. Ultimately, the Cybersecurity challenge in Federal government is not just a technology issue. It is also an organizational, people, and performance issue requiring creative solutions to address emerging and increasingly sophis-

ticated threats, and new vulnerabilities introduced by rapidly changing technology. To overcome this challenge, Federal agencies must improve cybersecurity capabilities to provide safe, secure, and effective mission execution and services, with a focus on accountability. Specifically, agencies must continue to implement initiatives such as the Cybersecurity Cross-Agency Priority (CAP) Goal, which is part of the Administration's broader performance management improvement initiative (encompassing Trusted Internet Connections, continuous monitoring and strong authentication), the Federal Information Security Management Act (FISMA), and the Federal Risk Authorization and Management Program (FedRAMP), and continuously measure agency progress in improving information security performance through CyberStat reviews.

This chapter describes details on the Federal IT budget and on the Administration's Federal IT initiatives.

### THE FEDERAL INFORMATION TECHNOLOGY (IT) PORTFOLIO

**Federal Spending on IT**—To innovate in an era of flat or declining budgets, it is critical for agencies to view IT as a strategic asset, and as a driver to deliver better customer service to taxpayers. When properly managed and applied, IT frees up resources from costly and inefficient business processes and enables the funding of new, innovative IT solutions. To encourage these efforts, in 2014 agencies have been directed in OMB Memorandum M-12-13 to implement a cut and reinvest strategy-- cutting duplicative commodity, business and enterprise IT investments and underperforming projects to fund more strategic investments.<sup>3</sup> Strategic reinvestments will focus on systems that demonstrably improve citizen services or administrative efficiencies, increase the adoption of shared services, improve the Government's cybersecurity posture, reduce Federal IT's energy consumption, and enhance analytical capabilities.

Total planned spending on IT in 2014 estimated for agencies represented on the IT Dashboard<sup>4</sup> is \$82.0 billion, 2.1 percent above the 2012 estimated level of \$80.3 billion, as shown in Table 19-1. Spending estimates in Chart 19-1 depict how growth in IT spending of 7.1 percent per year over 2001-2009 has been slowed to 0.78 percent per year for 2009-2014.

<sup>1</sup> OMB Memorandum M-12-10, "Implementing PortfolioStat." (March 30, 2012)—[http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-10\\_1.pdf](http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-10_1.pdf).

<sup>2</sup> Presidential Directive "Building a 21st Century Digital Government" (May 23, 2012)—[http://www.whitehouse.gov/sites/default/files/uploads/2012digital\\_mem\\_rel.pdf](http://www.whitehouse.gov/sites/default/files/uploads/2012digital_mem_rel.pdf).

<sup>3</sup> OMB guidance to agencies regarding the FY 2014 Budget, in OMB Memorandum M-12-13, "Fiscal Year 2014 Budget Guidance"—<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-13.pdf>

<sup>4</sup> The IT Dashboard, first launched in June, 2009, is a Federal website designed to provide real-time information on the status of Federal agencies' IT spending. It is located at: <http://itdashboard.gov>.

**Table 19-1. FEDERAL IT SPENDING, PRESIDENT'S BUDGET, FY 2014**  
(Spending in millions of dollars)

	2012	2013 CR	2014
IT Spending, Department of Defense <sup>1</sup> .....	39,588	38,810	39,599
IT Spending, non-Defense <sup>2</sup> .....	40,690	41,766	42,397
<b>Total IT Investment Spending</b> .....	<b>80,278</b>	<b>80,576</b>	<b>81,996</b>

<sup>1</sup> Spending levels on information technology investments shown here for DoD include estimates for IT investments for which details are classified. Totals shown here for DoD are higher than totals reflected on the IT Dashboard, which cannot reflect classified details.

<sup>2</sup> Non-Defense agencies for which IT investment information is displayed on the IT Dashboard are: Department of Agriculture, Department of Commerce, Department of Education, Department of Energy, Department of Health and Human Services, Department of Homeland Security, Department of Housing and Urban Development, Department of the Interior, Department of Justice, Department of Labor, Department of State, Department of Transportation, Department of the Treasury, Department of Veterans Affairs, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Archives and Records Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Smithsonian Institution, Social Security Administration, U.S. Agency for International Development, and U.S. Army Corps of Engineers.

### DELIVERING MAXIMUM RETURN ON INVESTMENT (ROI) FOR IT

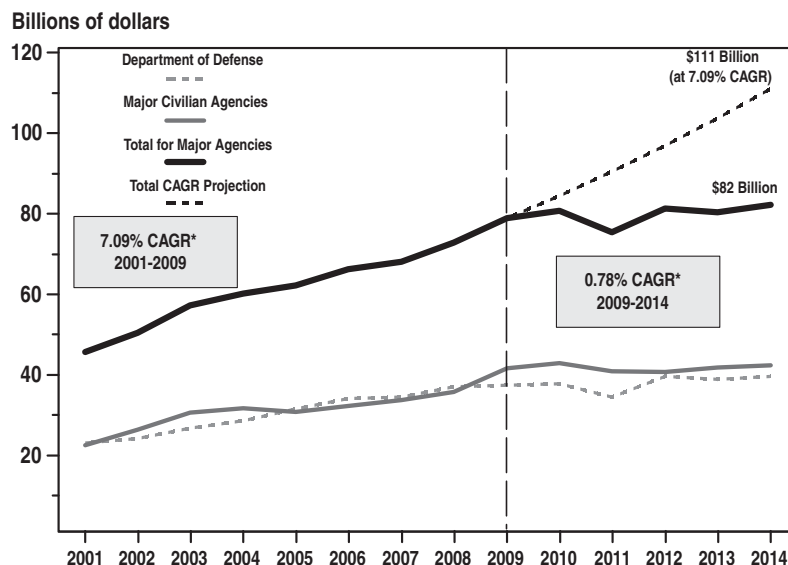
**Focusing IT Oversight on Comprehensive IT Portfolio Reviews and Planning**—In 2013-2014, the Administration will continue to broaden its approach to managing IT by encouraging a more rigorous application of its PortfolioStat model.

In the initial PortfolioStat assessments in 2012, agencies collected and analyzed baseline data on 13 common types of commodity IT investments, spanning infrastructure, business systems, and enterprise IT. There are significant opportunities for reducing spending in these areas through consolidation and shared services. OMB worked with agencies to review their data and compare their spending with other agencies and private-sector benchmarks to assess the agency's current posture and develop a list of opportunities to reduce inefficiency, duplication, and unnecessary spending. Based on this analysis, agencies drafted PortfolioStat plans, which were then

reviewed in Deputy Secretary-led PortfolioStat sessions with the Federal CIO. Incorporating OMB feedback from the sessions, agencies' final plans identified 98 opportunities to consolidate or eliminate commodity IT areas, ranging from the consolidation of multiple email systems across an agency to the reduction of duplicative mobile or desktop contracts.<sup>5</sup>

<sup>5</sup> While some opportunities for commodity IT savings must be addressed over several years, FY 2013 IT operating plans and the FY 2014 Budget include many efficiency improvements that were identified in the PortfolioStat process. Examples of potential savings which may be realized relatively soon include as much as \$200 million in gross savings in some agencies. In the Department of Homeland Security, consolidations of infrastructure, including in mobile technology and other telecommunications, may range this high. Other savings achieved may be smaller -- such as potentially \$10-15 million in gross savings for e-mail system consolidations at the Department of Transportation. Note that there may be costs associated with achieving efficiencies resulting in net savings which are significantly less than gross savings. Examples cited here are taken from agency-identified initiatives which could commence in FY 2013.

**Chart 19-1. Trends in Federal IT Spending**



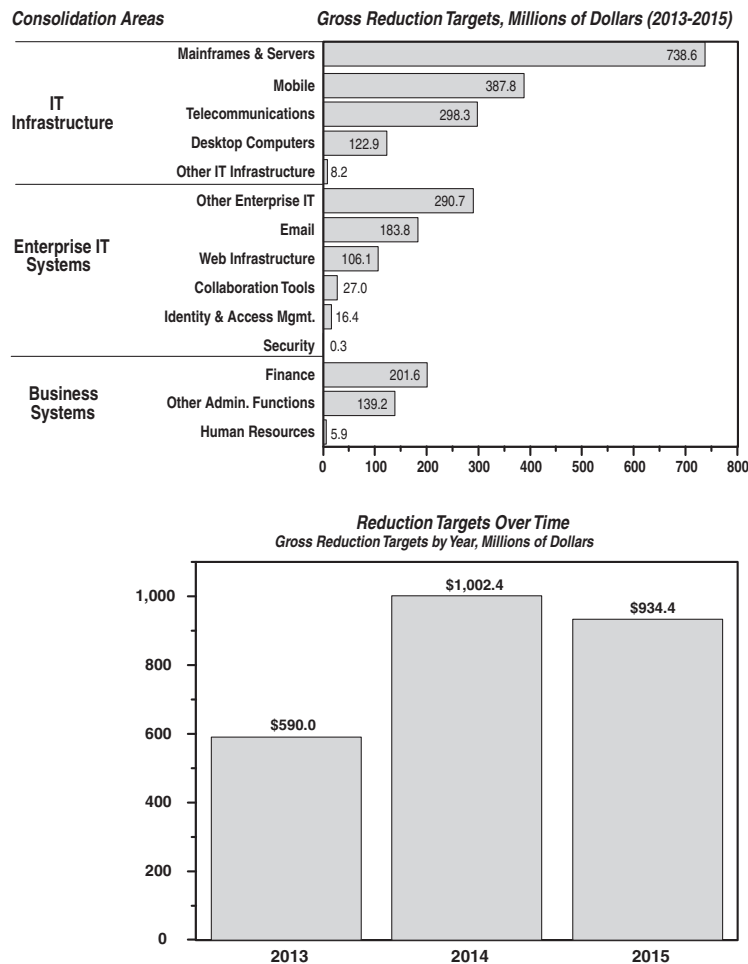
\* Compound Annual Growth Rate

Source: Total IT spending from the IT Dashboard. Estimates of classified Dept. of Defense IT investments provided by DOD. Agency 2014 IT budgets reported February 2013.

## Chart 19–2. Results of Portfolio Stats in 2012 PortfolioStat Commodity IT Reduction Targets

Government Wide Gross Reduction Targets  
Total Cost Savings and Avoidance Targets, 2013-2015

**\$2.53 Billion**



PortfolioStat efforts resulted in ambitious, forward-looking plans with the potential to save the Government \$2.5 billion over the next three years by consolidating duplicative systems, buying in bulk, and ending or streamlining off-track projects. In these initial agency assessments of planned savings, agencies focused on key categories of commodity IT spending, specifically purchases of IT assets or services that have become commonplace and that are not highly-customized for specific program support. Potential savings identified in the 2012 PortfolioStat process are illustrated in Chart 19-2 below.

**Consolidating and Optimizing Commodity IT—**PortfolioStat has played a pivotal role in accelerating agency adoption of shared services. Under the Shared First initiative agencies were tasked with identifying opportunities to shift to intra-agency commodity, support, and mission IT shared services, maximizing the use of strategic sourcing, and increasing the number of shared services that they provide or use. Following direction

from the Federal CIO in May 2012, agencies completed the migration of at least two IT service areas to a shared delivery model, and agencies will work in 2013 toward more comprehensive shared services plans.

One other particularly large component of commodity IT spending is represented by the infrastructure investments in agency data centers. In 2012, agencies expanded their efforts under the FDCCI to include data centers of all sizes. Since agencies began executing their data center consolidation plans in 2011, they have closed over 400 data centers. During 2013, OMB will continue working with agencies to categorize the Federal data center inventory and refine plans and metrics to continue consolidation of the remaining data centers, while implementing measures to optimize the data centers that remain open.

Looking ahead to 2014, agencies will incorporate their data center consolidation efforts into a broader enterprise-wide approach to address commodity IT in an integrated, comprehensive manner. The FDCCI will play a

significant role in supporting and achieving the goals of PortfolioStat. As these efforts converge, agencies will continue to focus on optimizing those data centers that are pivotal to delivering critical services, while closing duplicative and inefficient data centers.

**Strengthening CIO Authorities** – One finding from 2012 PortfolioStat sessions was that agencies with empowered CIOs tended to have less fragmented IT portfolios and better visibility into how IT was being spent. The role of agency CIOs will continue to strengthen as agencies implement OMB's 2011 Memorandum M-11-29 aimed at enhancing their authority to better manage Federal IT investments.<sup>6</sup> Already, fundamental changes to the role of the CIO have occurred at some agencies. At the General Services Administration (GSA), for example, the need to improve information technology services and ease access to agency data resulted in the consolidation of all information technology personnel, budgets, and systems under the Chief Information Officer. The result will be a new technology office that has the ability to provide the IT services and support needed. CIO authorities have been further reinforced by the broader OMB Memorandum M-11-31, on delivering a more efficient and accountable Government,<sup>7</sup> the implementation of PortfolioStat, and also the May 2012 release of guidance to agencies on Shared Services IT Strategy with milestones for 2012 and 2013.<sup>8</sup>

**Cloud Computing**—Under the Federal Cloud Computing Initiative, cloud computing has now become an accepted and integral part of the Federal IT environment. Agencies no longer question the utility and feasibility of cloud computing; but instead are seeking out opportunities to use cloud computing to reshape their IT portfolios to drive innovation, maximize ROI, and improve cybersecurity. In 2011-2012, implementing the *25 Point Implementation Plan to Reform Federal IT Management*,<sup>9</sup> agencies successfully migrated nearly 70 services to the cloud, supporting Government-wide efforts to expand access to open data, drive a more transparent and participatory Government, and move toward more environmentally sustainable platforms. With the ability to expand capacity at a moment's notice without having to procure new servers, add new data centers, and hire new staff, the cloud is essential to the Federal Government's ability to be flexible as demands change.

In order to accelerate the safe and secure adoption of cloud solutions, GSA is making tools available so that agencies can migrate high value solutions to the cloud. Last year, GSA awarded blanket purchase agreements for

17 vendors to provide Federal, State, local and tribal governments with the ability to buy cloud-based email, office automation, electronic records management, migration, and integration services. GSA is also working to provide agencies tools under existing contracts to purchase cloud data center services and cloud migration services, to help agencies ready legacy environments to migrate to the cloud. The latter will be especially important for smaller and independent Federal entities, which may not have the resources to grow or redeploy their staff to manage the migration to the cloud. Looking ahead to 2014, GSA will continue to explore whether a cloud brokerage concept, similar to that provided in the financial services industry, would help to increase cloud adoption.

**Improved IT Dashboard**—The IT Dashboard was initially launched in June of 2009, to facilitate real-time monitoring of agency IT investment performance by Federal officials, Congress, and the American people. As experience with the IT Dashboard has grown, OMB (in collaboration with agencies and with input from the Government Accountability Office) has worked to improve the quality and focus of data collection for this flagship transparency site. The IT Dashboard continues to set an example for a more open, accessible approach to the evolution of Federal Government systems, through its open source policy. IT Dashboard application code has been available since March 31, 2011 at the Sourceforge site,<sup>10</sup> a site dedicated to the sharing of open source code, where open discussion forums were later added.

In 2012, the IT Dashboard was updated with new data structures and historical trend data, building on the recommendations of an interagency working group and providing even greater transparency into the Federal IT investment portfolio. More targeted and detailed data on major IT development activities will allow closer oversight, and assist agencies to deliver key functionality needed by Federal programs on time and within budget.

OMB continues to require that CIOs rate all major IT investments in the IT Dashboard, assessing how well the risks for major development efforts are being addressed. Based on preliminary analysis of these ratings for FY 2012, there is little evident trend up or down overall in major IT investment ratings by CIOs. Across this period, CIOs have rated almost ¾ of major investments as "Low Risk" or "Moderately Low Risk" ("green" in the IT Dashboard). But in looking at specifics by agency, some have experienced larger than average increases and decreases in ratings. For example, the U.S. Department of Agriculture CIO "green" ratings over this period dropped from 37 to 21. Over the same time interval, the Department of Transportation's "green" CIO ratings increased from 28 to 36. These ratings are one factor used to inform PortfolioStat and TechStat processes.

**IT Investment Oversight (TechStats)**—In 2010, OMB launched TechStat accountability sessions for major Federal IT investments, which helped improve oversight of major IT investments. A TechStat is a face-to-face, evidence-based accountability review of an IT investment. It enables the Federal Government to intervene, and turn

<sup>6</sup> OMB memorandum M-11-29, "Chief Information Officer Authorities" (August 8, 2011)—<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-29.pdf>.

<sup>7</sup> OMB Memorandum M-11-31, "Delivering and Efficient, Effective and Accountable Government" (August 17, 2011)—<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-31.pdf>.

<sup>8</sup> "Federal Information Technology Shared Services Strategy" (May 2, 2012)—[http://www.whitehouse.gov/sites/default/files/omb/assets/egov\\_docs/shared\\_services\\_strategy.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/shared_services_strategy.pdf)

<sup>9</sup> "25 Point Implementation Plan to Reform Federal IT Management"—[http://www.whitehouse.gov/sites/default/files/omb/assets/egov\\_docs/25-point-implementation-plan-to-reform-federal-it.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/25-point-implementation-plan-to-reform-federal-it.pdf)

<sup>10</sup> <http://sourceforge.net/projects/it-dashboard>

around, halt, or terminate IT projects that are failing to deliver results for key requirements on schedule. By accelerating intervention in troubled IT projects, TechStat reviews helped avoid significant costs, particularly in cases where projects were halted or terminated.

Since January 2010, OMB has led over 60 TechStat sessions, including 38 high-priority reviews between August and December 2010. These reviews resulted in remediation actions with cost implications for investments reviewed. The TechStats also resulted in an average acceleration of deliverables from over 24 months to 8 months for the investments reviewed.

When the Congress in December, 2011 enacted the appropriation for the Integrated, Efficient and Effective Uses of IT (IEEUIT) Fund<sup>11</sup> in the Executive Office of the President, to assist in supporting IT reform, OMB began reporting quarterly to the Congress on the savings from IT reform. In its Jan. 31, 2013 report, OMB estimated \$489.1 million in cost savings and cost avoidance for the period since the IEEUIT appropriation was enacted, stemming principally from commodity IT acquisition efficiencies and consolidations, cloud migrations, and the results of the agency-led TechStat sessions which were initiated in 2011. In agency-led TechStats, agency CIOs lead their own TechStats at the agency level, reporting the results to OMB. To date, including the period before quarterly IEEUIT reporting began, CIOs across the Government have held over 300 agency-led TechStats.

**Information Technology Acquisition**—OMB will focus on the work of the Strategic Sourcing Leadership Council (SSLC) to drive greater efficiency in commodity IT acquisition and use of shared services. Through the PortfolioStat process, OMB achieves better insight into the acquisition and execution of commodity IT at the agency and sub-agency level. OMB will work through Federal CIO Council channels to identify opportunities to procure commodity IT at lower cost and more efficiently, while creating new opportunities for small businesses.

## THE INNOVATION AGENDA—GOVERNMENT IN THE INFORMATION AGE

Changes in technology—such as the large increase in the number of mobile devices, the greater availability of data, the growth of cloud computing, and the evolution of social media and collaboration tools—are driving rapid changes in the way we consume information. This presents both opportunities and challenges, as growing expectations require the Federal Government to be ready

to deliver and receive digital information and services anytime, anywhere and on any device. It must also do so safely, securely, and with fewer resources. To build for the future despite constrained budgets, the Federal Government needs to innovate with less and enable entrepreneurs and others in the public to better leverage Government data, simultaneously improving the quality of services to the American people.

The Administration's innovation agenda will build on the following initiatives:

**Digital Government Strategy**—On May 23, 2012, the President issued a directive entitled "Building a 21st Century Digital Government." It launched a comprehensive Digital Government Strategy aimed at delivering better digital services to the American people. The strategy has three main objectives: (1) enabling the American people and an increasingly mobile workforce to access high-quality, digital Government information and services anywhere, anytime, on any device; (2) ensuring that as the Government adjusts to this new digital world, we seize the opportunity to procure and manage devices, applications, and data in smart, secure and affordable ways; and (3) unlocking the power of Government data to spur innovation across our Nation and improve the quality of services for Federal employees and the American people.

**Presidential Innovation Fellows**—The Presidential Innovation Fellows program<sup>12</sup> pairs entrepreneurs from the private sector, non-profits, and academia with top innovators in Government to collaborate on solutions to high-impact challenges and deliver significant results in six months. The results of these projects are intended to save taxpayer money, fuel job growth, bring private sector best practices to Government, and provide tangible benefits to the American people. Each team of innovators is tasked with working on a specific high-impact issue using a focused, agile approach. In a time of constrained budgets, we need to find innovative ways to do more with less. What makes this initiative unique is its focus on tapping into the ingenuity, know-how, and patriotism of Americans from every sector of our society.

**Managing Information—Open Data**—The information maintained by the Federal Government is a national asset with tremendous potential value to the public, entrepreneurs, and to our own Government programs. The innovation agenda includes multiple initiatives that will open Government data to enhance information exchanges, interoperability, and public release (subject to valid restrictions). As a model, decades ago, the National Oceanic and Atmospheric Administration (NOAA) began making weather data available for free electronic download by anyone. Entrepreneurs utilized this data to create weather newscasts, websites, mobile applications, insurance, and much more, resulting in a multi-billion dollar industry. Similarly, the Government's decision to make the Global Positioning System (GPS) freely available resulted in private sector innovations ranging from navigation systems to precision crop farming, creating massive public benefits and contributing significantly to economic

<sup>11</sup> P.L. 112-74, Div. C, Title II appropriated funds to advance IT efficiency: "For necessary expenses for the furtherance of integrated, efficient and effective uses of information technology in the Federal Government, \$5,000,000, to remain available until expended: Provided, That the Director of the Office of Management and Budget may transfer these funds to one or more other agencies to carry out projects to meet these purposes: Provided further, That the Director of the Office of Management and Budget shall submit quarterly reports to the Committees on Appropriations of the House and the Senate identifying the savings achieved by the Office of Management and Budget's Government-wide information technology reform efforts: Provided further, That such report shall include savings identified by fiscal year, agency and appropriation."

<sup>12</sup> Program description at: <http://www.whitehouse.gov/innovation-fellows>.

growth. To harness the value of Government open data to the fullest extent possible, OMB and the Office of Science and Technology Policy (OSTP), in conjunction with the Presidential Innovation Fellows Program, have launched six open data initiatives affecting diverse sectors including: health, energy, education, public safety, and global development. These efforts aim to make Government data available to entrepreneurs who will use this data to create tools, such as those that help Americans find the right health care providers, identify colleges that provide the best value for tuition costs, save money on electricity bills through smarter shopping for the right rate plan, and keep their families safe by knowing which products have been recalled.

**Accelerating Federal Use of Mobile Devices**—The Federal Government currently spends approximately \$1.2 billion annually for mobile and wireless services and devices, maintaining an inventory of approximately 1.5 million active accounts. These figures will only increase as agencies accelerate their adoption of new mobile technologies, and as the public increasingly expects Government services to be made available anywhere, anytime, on any device. The Digital Government Strategy established a set of discrete actions to ensure that the Federal Government capitalizes on mobile solutions in smart, secure, and affordable ways. Actions included the release of bring-your-own-device (BYOD) guidance based on lessons learned from successful pilots at Federal agencies<sup>13</sup>; a requirement that agencies develop an enterprise-wide inventory of mobile devices and wireless service contracts<sup>14</sup>; the establishment of a Government-wide contract vehicle for mobile devices and wireless services<sup>15</sup>; a gap analysis and mobile security report to be generated by the Chief Information Officers Council<sup>16</sup>; and the development of a Government-wide mobile and wireless security baseline and reference architectures.<sup>17</sup>

**Future-Ready Architecture**—Agencies continue to face the challenge of having to provide new or updated business and technology services with limited resources. In May 2012, OMB released “The Common Approach to Federal Enterprise Architecture,” providing guidance to help agencies promote more agile and standardized architecture methods.<sup>18</sup> This common architecture approach included an emphasis on modular development and contracting practices, and the utilization of cloud-based services to speed the delivery of value and lower the risk of failure in IT projects. In promulgating the common approach, OMB also required agencies to develop and submit an enterprise roadmap by August 31, 2012. The roadmap in-

cluded an IT asset inventory, commodity IT consolidation plan (tied to PortfolioStat reviews), and plans for improving the quality and uptake of Government-wide Line of Business services.<sup>19</sup> In the future, Federal IT architects will also be called upon to address further methodology improvements supporting better analytical capabilities across all Federal IT assets.

**Transition to Internet Protocol Version 6 (IPv6)**—In September 2010, OMB issued a memorandum<sup>20</sup> requiring Executive branch agencies to deploy native Internet Protocol Version 6 (IPv6) for public Internet servers and internal applications that communicate with public servers. This directive builds upon an August 2005 memorandum,<sup>21</sup> “Transition Planning for Internet Protocol Version 6 (IPv6),” which led to the key early step of IPv6 being deployed in all Federal Government agency networks in 2008. In July 2012, the Federal Government released a roadmap for transitioning to the next-generation Internet networking technology. This Roadmap, “The Planning Guide/Roadmap Toward IPv6 Adoption within the U.S. Government”<sup>22</sup> was jointly developed with industry and provides best practices on how to successfully implement the next version of IPv6. Agency status regarding the transition to IPv6-enabling public Internet servers is available on the National Institute of Standards and Technology (NIST) IPv6 Deployment Monitor web site.<sup>23</sup>

**Modular Software Development**—While OMB requires agencies to implement shared-first strategies, some unique mission capabilities must still be developed which may require custom software development. One of the key lessons learned during TechStat reviews, however, is that investments that spend long periods of time defining requirements and designing components before realizing value are at significantly increased risk of failure. To help align the acquisition team and the IT team in reducing this risk, OMB published Contracting Guidance to Support Modular Development.<sup>24</sup> OMB will use the IT Dashboard to identify investments in which “time-to-value” measures are inconsistent with policy. Agencies should also be identifying these risky investments through the implementation of their internal TechStat processes and they should undertake corrective actions to deploy capabilities to the production environment in months instead of years. OMB will continue to monitor agency performance in this area.

<sup>19</sup> Line of Business initiatives, most of which continue from previous Administration efforts, represent established inter-agency shared services with a lead agency and numerous partner agencies participating in governance.

<sup>20</sup> OMB Memorandum “Transition to Internet Protocol Version 6 (IPv6)” (Sept. 28, 2011)—[http://www.whitehouse.gov/sites/default/files/omb/assets/egov\\_docs/transition-to-ipv6.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/transition-to-ipv6.pdf).

<sup>21</sup> OMB Memorandum “Transition Planning for Internet Protocol Version 6 (IPv6)” (Aug. 5, 2005)—see: <http://www.whitehouse.gov/sites/default/files/omb/assets/omb/memoranda/fy2005/m05-22.pdf>.

<sup>22</sup> [https://cio.gov/wp-content/uploads/downloads/2012/09/2012\\_IPv6\\_Roadmap\\_FINAL\\_20120712.pdf](https://cio.gov/wp-content/uploads/downloads/2012/09/2012_IPv6_Roadmap_FINAL_20120712.pdf)

<sup>23</sup> See: <http://fedv6-deployment.antd.nist.gov/>.

<sup>24</sup> See OMB guidance “Contracting Guidance to Support Modular Development,” page 2—at: <http://www.whitehouse.gov/sites/default/files/omb/procurement/guidance/modular-approaches-for-information-technology.pdf>.

<sup>13</sup> Item 3.3 in the Digital Government Strategy, <http://www.whitehouse.gov/sites/default/files/omb/egov/digital-government/digital-government.html>.

<sup>14</sup> Ibid. Items 5.2 and 5.3 respectively.

<sup>15</sup> Ibid. Item 5.1.

<sup>16</sup> Ibid. Items 10.2 and 10.3 respectively.

<sup>17</sup> Ibid. Item 9.1.

<sup>18</sup> [http://www.whitehouse.gov/sites/default/files/omb/assets/egov\\_docs/common\\_approach\\_to\\_federal\\_ea.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/common_approach_to_federal_ea.pdf)

**BusinessUSA**—On January 13, 2012, the Administration articulated a strategy to break down the stovepipes that have prevented the Government from delivering a comprehensive suite of services and capabilities to American businesses. Based on the President's premise of "...one website, one phone number, one mission," BusinessUSA, was launched on February 17, 2012.<sup>25</sup> For American entrepreneurs, interacting with the Federal Government should feel like they are working with one organization that puts them and their needs first, and does not force them to understand a complex Federal bureaucracy. BusinessUSA will continue to grow and evolve, becoming the single entry point for businesses to connect with Government programs to help them launch new endeavors and grow. Services offered through BusinessUSA are not limited to the Federal sector; the site includes links to State and local programs and services, so that businesses can connect with resources they need to start up, grow, and export their goods and services. In 2014, all Federal agencies with business-facing capabilities will be participating in integrating and expanding BusinessUSA's capabilities.

**Geospatial Data**—Consistent with the Digital Government Strategy, the guidance on Modular Development, and in support of the principle of open data,<sup>26</sup> agencies will continue to review their geospatial data and make it available to other agencies and the public. The progress of geospatial data being opened will be reflected on the Geospatial Platform – a Federal internet-based platform providing shared, trusted geospatial data, services and applications at <http://www.geoplatform.gov>.

**Health Information Technology (Health IT)**—The technologies collectively known as health IT enable the secure collection and exchange of vast amounts of health data about individuals. Health IT includes electronic health records (EHRs), personal health records, telehealth devices, remote monitoring technologies, and mobile health applications.

The Federal Government's health IT vision is a health system that uses information to empower individuals and to improve the health of the population. To improve the Federal Government's overall effectiveness, all investments in health IT share the following common policy and technology principles:

- **Putting individuals and their interests first.** In order to enhance the health and well-being of all Americans, the Government must meet the needs and protect the rights of each individual.
- **Being a worthy steward of the country's money and trust.** The Government seeks to use its resources judiciously. This means relying, to the extent possible, on private markets to accomplish important societal objectives, and acting to correct market failures when necessary. It also means developing

Governmental policies through open and transparent processes.

- **Supporting health IT benefits for all.** All Americans should have equal access to quality health care. This includes the benefits conferred by health IT. The Government will endeavor to ensure that underserved and at-risk individuals enjoy these benefits to the same extent as all other citizens.
- **Focusing on outcomes.** Federal health IT policy will constantly focus on improving the outcomes of care, so as to advance the health of Americans and the performance of their health care system.
- **Building boldly on what works.** The Government will set ambitious goals and then work methodically to achieve them, monitoring health IT successes, and looking for ways to expand upon programs that work. It will seek to be nimble and action-oriented: evaluating existing Government activities, learning from experience, and changing course if necessary.
- **Encouraging innovation.** The Government is working to create an environment of testing, learning, and improving, thereby fostering breakthroughs that quickly and radically transform health care. The Government will support innovation in health IT.

With the Office of the National Coordinator for Health IT charged with the coordination of nationwide efforts to implement and use the most advanced health information technology, agencies such as the Department of Agriculture, Department of Commerce, Department of Defense, Department of Health and Human Services, Department of Veterans Affairs, Social Security Administration, and Office of Personnel Management are working together to maximize the benefits health IT has to offer providers and patients by accelerating Electronic Health Record (EHR) adoption and secure electronic exchange of health information.

## PROTECTING DATA AND ASSETS— CYBERSECURITY AND PRIVACY

America depends on Federal agencies for essential services, ranging from disaster assistance to Social Security to national defense. These services, in turn, rely on a safe, secure, and resilient Government information and communications infrastructure. Threats to this infrastructure—whether from domestic or international criminal elements or nation-states—continue to grow in number and sophistication, creating the potential that essential services could be degraded or interrupted, and confidential information stolen or compromised, with serious effects. To combat these threats, the Administration will act on many fronts, while protecting individual privacy and civil liberties.

- **Secure Federal Networks**—The Administration's cybersecurity team will continue its vigorous and extensive build-out of technical and policy protec-

<sup>25</sup> See remarks by the President on Government Reform—<http://www.whitehouse.gov/the-press-office/2012/01/13/remarks-president-government-reform>.

<sup>26</sup> Open data is now a key principle guiding Federal IT -- that is, the principle that the Government's data should be provided in a manner that facilitates the use of this data by everyone.

tion capabilities for Government systems, expand its partnerships with the private sector, and work with Congress to clarify roles and authorities. The Administration will assist and strengthen the abilities of Federal agencies to protect their infrastructure and data.

- **Improve Federal Cybersecurity Defenses.** The Department of Homeland Security (DHS) will assess the state of operational readiness and cybersecurity risk of unclassified Federal networks and systems. DHS proactively engages with agencies to improve their cybersecurity posture by assessing capabilities, identifying vulnerabilities, evaluating risks and providing prioritized guidance that optimizes the remediation activities needed to close capability gaps, limit exposure, reduce exploitation, and increase the speed and effectiveness of cyber-attack responses.
- **Implement Cybersecurity Cross-Agency Priority (CAP) Goal.** The Administration selected cybersecurity as one of its 14 CAP goals required under the Government Performance and Results Act Modernization Act (GPRAMA) of 2010. The goal is to achieve 95% use of the Administration's priority cybersecurity capabilities on Federal executive branch information systems by the end of FY 2014. In order to achieve this goal, Federal spending will focus on two-factor authentication in accordance with Homeland Security Presidential Directive 12 (HSPD-12), Federal Trusted Internet Connections (TICs), and Continuous Monitoring policies.
- **Conduct CyberStat Sessions.** DHS will continue to work with agencies to identify and correct weaknesses in cybersecurity programs and ensure agencies are on track to meet the Cyber CAP goal through Cyberstat reviews. The reviews provide the opportunity for agencies to identify the cybersecurity capability areas where they may be facing implementation maturity roadblocks (e.g. technology, organizational culture, internal process, or human capital/financial resource challenges). CyberStat reviews will continue to focus on identifying prospects and strategies to improve cybersecurity performance.
- **Enhance Cybersecurity Program Monitoring, Management, and Reporting Under the Federal Information Security Management Act (FISMA).**<sup>27</sup> The Federal cybersecurity defensive posture is a constantly evolving environment because of the relentless and dynamic threat environment, emerging technologies, and new vulnerabilities. Many threats can be mitigated by following established cybersecurity best practices, but attackers often search for organizations with poor cybersecurity practices and target associated vulnerabilities. DHS will continue to improve FISMA metrics to focus on outcome-oriented measures that are quantitative,

specific, automated when possible, and focused on reduction of risk. The FISMA metrics focus agency efforts on what data and information is entering and exiting their networks, what components are on their information networks, when security status changes, and who is on their systems. The Administration will focus agency efforts on improving the security of their networks by implementing the Cross-Agency Priority Goals for cybersecurity (i.e. Continuous Monitoring, Trusted Internet Connections, and HSPD-12).

- **Enhance the Cybersecurity Workforce.** The Administration will maintain a strong cadre of cybersecurity professionals to design, operate, and research cyber technologies, enabling success against current and future threats. As part of this effort, the National Initiative for Cybersecurity Education (NICE) developed the National Cybersecurity Workforce Framework to define the cybersecurity workforce and provide a common taxonomy and lexicon by which to classify and categorize the workforce. The Framework was developed as a direct result of the Administration's need to identify, quantify, and develop an effective cybersecurity workforce to develop our Nation's critical cyber infrastructure. In addition, the Administration will work to provide cybersecurity professionals with tools, tips, education, training, awareness, and other resources appropriate to their positions.
- **Implement Continuous Monitoring.** The Administration will work to design, build, and operate information and communication technology to specifically reduce the risk of exploitable weaknesses and enable technology to sense, react to, and communicate changes in its security or its surroundings in a way that preserves or enhances its security posture. Continuous monitoring is an integral part of an enterprise-wide risk management process that allows agencies to establish the context of their risk management programs, and subsequently assess risk, respond to risk, and monitor risk on an ongoing basis.

Continuous monitoring programs are most effective when combined with other department and agency initiatives to strengthen the underlying information technology infrastructure by integrating security requirements into organizational processes (e.g., enterprise architecture, acquisition/procurement, systems engineering, and the system development life cycle). An example is the DHS Continuous Diagnostics and Mitigation (CDM) program, which will provide tested continuous monitoring, diagnosis, and mitigation activities designed to increase visibility into the security status of Federal information systems and environments of operation. The program can also enhance DHS's ability to assess agency security control effectiveness, and assist organizational personnel in identifying and responding to intrusions in their operational environments.

<sup>27</sup> Title III of the E-Government Act of 2002 (P.L. 107-347, enacted Dec. 17, 2002) is known as the "Federal Information Security Management Act of 2002" (FISMA).

Under this program, DHS will centrally oversee the procurement, operations, and maintenance of diagnostic sensors (tools) and dashboards deployed to each agency. Using input from the sensors and agency-level dashboards, officials at each agency will be able to quickly identify which problems to fix first, and empower technical managers to prioritize and mitigate risks. In addition, DHS will maintain a dashboard to provide situational awareness at the Federal level.

- **Improve Incident Reporting and Response.** The 2012 National Level Exercise (NLE) simulated what would happen if a series of significant cyber incidents occurred within the United States. The NLE demonstrated the need for the Federal Government to improve preparedness for Significant Cyber Incidents. The growing numbers of cyber attacks on our Federal networks are sophisticated, aggressive and dynamic. During FY 2012, the United States Computer Emergency Readiness Team (US-CERT) processed 157,850 incidents including cyber exploits that injected viruses, stole information or disrupted Federal network operations. The Administration will work to unify efforts to collaboratively respond to and rapidly recover from significant cyber incidents that threaten public health or safety, undermine public confidence, have a debilitating effect on the national economy, or diminish the security posture of the Nation.
- **Ensure Information Sharing and Safeguarding.** This continuing initiative ensures coordinated interagency development and reliable implementation of structural reforms to ensure responsible sharing and safeguarding of classified information on computer networks that shall be consistent with appropriate protections for privacy and civil liberties, pursuant to Presidential Executive Order 13587.
- **Improve Identity Management.** Version 2.0 of the “Federal Identity, Credential and Access Management (FICAM) Roadmap and Implementation Guidance” was issued by the Federal CIO Council in December 2011.<sup>28</sup> This guidance helps steer agency efforts as they plan and upgrade their architectures, aiming to leverage existing investments and promoting efficiency in designing, deploying, and operating IT systems. As of September 1, 2012, more than 5.2 million Personal Identity Verification (PIV) credentials (96 percent of those needed) were issued to the Federal workforce, and over 5 million background investigations (91 percent of those needed) were completed, in accordance with Homeland Security Presidential Directive 12 (HSPD-12). Agencies are expected in 2013 to accelerate the use of PIV credentials in securing Federal facilities and IT systems. Charged with revising the HSPD-12 standard (FIPS

201), NIST is also moving to address the integration of PIV credentials with mobile devices and related advances in technology. The Administration also released the National Strategy for Trusted Identities in Cyberspace (NSTIC) in April 2011,<sup>29</sup> to promote public-private collaboration on an online identity environment to facilitate secure, efficient, easy-to-use, and interoperable identity solutions to access online services.

- **Federal Risk Authorization Management Program (FedRAMP).** To support the Federal Cloud Computing Initiative, FedRAMP was launched during 2012. FedRAMP is changing the way cloud is bought within the Federal Government through a standardized approach for agencies to assess and authorize the security of cloud systems. This standardized approach strengthens security practices associated with cloud computing solutions, and in turn, builds greater trust between cloud providers and consumers. As a result, agencies can quickly deploy cloud solutions in support of delivering taxpayers services at a significantly reduced cost. As part of reaching its initial operating capability, FedRAMP published a baseline set of security controls, developed a comprehensive concept of operations, and a conformity assessment process to independently verify that providers are meeting the Government’s security needs. In 2013-2014, FedRAMP will integrate lessons learned from initial efforts to achieve full operating capability, thereby accelerating the adoption of secure cloud solutions in Government through the reuse of assessments and authorizations.
- **Protect Privacy and Confidentiality**—The Administration will ensure that protecting individual privacy and confidentiality remains a top priority. The importance of protecting privacy has become even greater as new technologies emerge. Federal agencies must take steps to analyze and address privacy and confidentiality issues at the earliest stages of the planning process, and they must continue to manage information responsibly throughout the life cycle of the information. In addition, Federal agencies are expected to demonstrate continued progress in all aspects of privacy and confidentiality protection and to ensure compliance with all privacy and confidentiality requirements in law, regulation, and policy. Agencies must review their information systems to ensure that they eliminate unnecessary holdings of personally identifiable information, such as unnecessary collection and use of Social Security numbers. Moreover, agencies will continue to develop and implement policies that outline rules of behavior, detail training requirements for personnel, and identify consequences and corrective actions to address non-compliance.

<sup>28</sup> Federal Identity, Credential, and Access Management (FICAM) Roadmap and Implementation Guidance Version 2.0, December 2, 2011— [http://www.idmanagement.gov/documents/FICAM\\_Roadmap\\_and\\_Implementation\\_Guidance\\_v2%200\\_20111202.pdf](http://www.idmanagement.gov/documents/FICAM_Roadmap_and_Implementation_Guidance_v2%200_20111202.pdf).

<sup>29</sup> Document released April 15, 2011. Title: National Strategy for Trusted Identities in Cyberspace. See: [http://www.whitehouse.gov/sites/default/files/rss\\_viewer/NSTICstrategy\\_041511.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/NSTICstrategy_041511.pdf).

## CONCLUSION

The Administration is committed to continuously improving how its services are provided to the public. This will be accomplished by implementing a Federal IT strategy that focuses on delivering maximum return on IT in-

vestments, driving an innovation agenda, and promoting cybersecurity and privacy policies to protect data and assets across all Federal agencies.

## 20. FEDERAL INVESTMENT

Federal investment is the portion of Federal spending intended to yield long-term benefits for the economy and the country. It promotes improved efficiency within Federal agencies, as well as growth in the national economy by increasing the overall stock of capital. Investment spending can take the form of direct Federal spending or of grants to State and local governments. It can be designated for physical capital, which creates a tangible asset that yields a stream of services over a period of years. It also can be for research and development, education, or training, all of which are intangible but still increase income in the future or provide other long-term benefits.

Most presentations in this volume combine investment spending with spending intended for current use. This chapter focuses solely on Federal and federally fi-

nanced investment. It provides a comprehensive picture of Federal investment spending, but because it disregards spending for non-investment activities, it provides only a partial picture of Federal support for specific national needs, such as defense, transportation, or environmental protection.

In this chapter, investment is discussed in the following sections:

- a description of the size and composition of Federal investment spending; and
- a presentation of trends in the stock of federally financed physical capital, research and development, and education.

### PART I: DESCRIPTION OF FEDERAL INVESTMENT

The distinction between investment spending and current outlays is a matter of judgment. The budget has historically employed a relatively broad classification of investment, encompassing physical investment, research, development, education, and training. The budget further classifies investments into those that are grants to State and local governments, such as grants for highways, and all other investments, or “direct Federal programs.” This “direct Federal” category consists primarily of spending for assets owned by the Federal Government, such as weapons systems and buildings, but also includes grants to private organizations and individuals for investment, such as capital grants to Amtrak or higher education loans directly to individuals.

The definition of investment in a particular presentation can vary depending on specific considerations:

- Taking the approach of a traditional balance sheet would limit investment to only those physical assets owned by the Federal Government, excluding capital financed through grants and intangible assets such as research and education.
- Focusing on the role of investment in improving national productivity and enhancing economic growth would exclude items such as national defense assets, the direct benefits of which enhance national security rather than economic growth.
- Examining the efficiency of Federal operations would confine the coverage to investments that reduce costs or improve the effectiveness of internal Federal agency operations, such as computer systems.

- Considering a “social investment” perspective would broaden the coverage of investment beyond what is included in this chapter to include programs such as maternal health, certain nutrition programs, and substance abuse treatment, which are designed in part to prevent more costly health problems in future years.

This analysis takes the relatively broad approach of including all investment in physical assets, research and development, and education and training, regardless of ultimate ownership of the resulting asset or the purpose it serves. It does not include “social investment” items like health care or social services where it is difficult to separate out the degree to which the spending provides current versus future benefits. The definition of investment used in this section provides consistency over time (historical figures on investment outlays back to 1940 can be found in the separate *Historical Tables* volume). Table 20–2 at the end of this section allows disaggregation of the data to focus on those investment outlays that best suit a particular purpose.

In addition to this basic issue of definition, there are two technical problems in the classification of investment data: the treatment of grants to State and local governments, and the classification of spending that could be shown in multiple categories.

First, for some grants to State and local governments it is the recipient jurisdiction, not the Federal Government, that ultimately determines whether the money is used to finance investment or current purposes. This analysis classifies all of the outlays into the category in which the recipient jurisdictions are expected to spend a majority of the money. Hence, the Community Development Block Grants are classified as physical investment, although

some may be spent for current purposes. General purpose fiscal assistance is classified as current spending, although some may be spent by recipient jurisdictions on investment.

Second, some spending could be classified in more than one category of investment. For example, outlays for construction of research facilities finance the acquisition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified hierarchically in the category that is most commonly recognized as investment: physical assets, followed by research and development, followed by education and training. Consequently, outlays for the conduct of research and development do not include outlays for the construction of research facilities, because these outlays are included in the category for investment in physical assets.

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction or education and training. For more information about the treatment of Federal credit programs, refer to the section on Federal credit in Chapter 11, "Budget Concepts," in this volume.

This section presents spending for gross investment, without adjusting for depreciation.

## Composition of Federal Investment Outlays

### Major Federal Investment

The composition of major Federal investment outlays is summarized in Table 20–1. They include major public physical investment, the conduct of research and development, and the conduct of education and training. Combined defense and nondefense investment outlays were \$503.3 billion in 2012. They are estimated to increase slightly to \$503.7 billion in 2013 and increase to \$568.4 billion in 2014. The major factors contributing to these changes are described below.

Major Federal investment outlays will comprise an estimated 15.0 percent of total Federal outlays in 2014 and 3.3 percent of the Nation's gross domestic product. Greater detail on Federal investment is available in Table 20–2 at the end of this section. That table includes both budget authority and outlays.

*Physical investment.* Outlays for major public physical capital investment (hereafter referred to as "physical investment outlays") were \$267.7 billion in 2012 and are estimated to rise to \$272.3 billion in 2013 and continue to rise to \$311.6 billion in 2014. Physical investment outlays are for construction and rehabilitation, the pur-

**Table 20–1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS**

(In billions of dollars)

Federal Investment	Actual 2012	Estimate	
		2013	2014
Major public physical capital investment:			
Direct Federal:			
National defense .....	138.1	132.1	163.6
Nondefense .....	44.4	57.1	55.3
Subtotal, direct major public physical capital investment .....	182.5	189.2	218.9
Grants to State and local governments .....	85.2	83.1	92.7
Subtotal, major public physical capital investment .....	267.7	272.3	311.6
Conduct of research and development:			
National defense .....	75.1	75.0	71.6
Nondefense .....	63.7	64.5	64.4
Subtotal, conduct of research and development .....	138.8	139.5	136.0
Conduct of education and training:			
Grants to State and local governments .....	63.9	62.3	76.2
Direct Federal .....	33.0	29.8	44.6
Subtotal, conduct of education and training .....	96.9	92.0	120.8
<b>Total, major Federal investment outlays .....</b>	<b>503.3</b>	<b>503.7</b>	<b>568.4</b>
<b>MEMORANDUM</b>			
Major Federal investment outlays:			
National defense .....	213.2	207.1	235.2
Nondefense .....	290.1	296.6	333.2
Total, major Federal investment outlays .....	503.3	503.7	568.4
Miscellaneous physical investment:			
Commodity inventories .....	–0.1	–0.0	–0.2
Other physical investment (direct) .....	2.5	2.7	2.8
Total, miscellaneous physical investment .....	2.4	2.7	2.7
Total, Federal investment outlays, including miscellaneous physical investment .....	505.8	506.4	571.0

chase of major equipment, and the purchase or sale of land and structures. Approximately two-thirds of these outlays are for direct physical investment by the Federal Government, with the remainder being grants to State and local governments for physical investment.

Direct physical investment outlays by the Federal Government are primarily for national defense. Defense outlays for physical investment are estimated to be \$163.6 billion in 2014. This amount is up significantly from 2012 and 2013, largely because the entire placeholder for Overseas Contingency Operations (OCO) in 2014 is classified as physical investment. Two-thirds of defense physical investment outlays, or an estimated \$99.6 billion, are for the procurement of weapons and other defense equipment, and the remainder is primarily for construction on military bases, family housing for military personnel, and Department of Energy defense facilities. Defense outlays for physical investment decrease from \$138.1 billion in 2012 to \$132.1 billion in 2013, primarily due to reduced spending for the wars in Iraq and Afghanistan, and slowdowns in base budget Defense procurement.

Outlays for direct physical investment for nondefense purposes are estimated to be \$55.3 billion in 2014. This is a reduction from the \$57.1 billion in outlays in 2013, attributable largely to deadlines for project construction and completion for applications for grants for specified energy property in lieu of tax credits. Outlays for 2014 include \$37.2 billion for construction and rehabilitation. This amount includes funds for water, power, and natural resources projects of the Corps of Engineers, the Bureau of Reclamation within the Department of the Interior, and the Tennessee Valley Authority; construction and rehabilitation of veterans' hospitals and Indian Health Service hospitals and clinics; facilities for space and science programs; Postal Service facilities; energy conservation projects in the Department of Energy; construction for the administration of justice programs (largely in Customs and Border Protection within the Department of Homeland Security); construction of office buildings by the General Services Administration; and construction for embassy security. Outlays for the acquisition of major equipment are estimated to be \$17.5 billion in 2014. The largest amounts are for the air traffic control system; railroad system preservation; weather and climate monitoring in the National Oceanic and Atmospheric Administration; law enforcement activities, largely in the Department of Homeland Security and the Federal Bureau of Investigation; and information systems in the Department of Veterans Affairs.

Grants to State and local governments for physical investment are estimated to be \$92.7 billion in 2014, up from \$83.1 billion in 2013. Over 75 percent of these outlays, or \$70.1 billion, are to assist States and localities with transportation infrastructure, primarily highways; this category represents the majority of the increase in physical investment grants from 2013 to 2014. Other major grants for physical investment fund sewage treatment plants and other State and tribal assistance grants, community and regional development, and public housing.

*Conduct of research and development.* Outlays for the conduct of research and development are estimated

to be \$136.0 billion in 2014. These outlays are devoted to increasing basic scientific knowledge and promoting research and development. They increase the Nation's security, improve the productivity of capital and labor for both public and private purposes, and enhance the quality of life. More than half of these outlays, an estimated \$71.6 billion, are for national defense. Physical investment for research and development facilities and equipment is included in the physical investment category.

Nondefense outlays for the conduct of research and development are estimated to be \$64.4 billion in 2014. These are largely for the National Institutes of Health, National Aeronautics and Space Administration, the Department of Energy, and the National Science Foundation.

A more complete and detailed discussion of research and development funding can be found in Chapter 21, "Research and Development," in this volume.

*Conduct of education and training.* Outlays for the conduct of education and training were \$92.0 billion in 2013 and are estimated to rise to \$120.8 billion in 2014. These outlays add to the stock of human capital by developing a more skilled and productive labor force. Grants to State and local governments for this category are estimated to be \$76.2 billion in 2014, roughly 63 percent of the total. They include education programs for the disadvantaged and individuals with disabilities, training programs in the Department of Labor, Head Start, and other education programs. Grants for education and training rise from \$62.3 billion in 2013 to \$76.2 billion in 2014, largely due to grants to States for teacher stabilization. Direct Federal education and training outlays are estimated to be \$44.6 billion in 2014, up from the levels in 2012 and 2013. Programs in this category primarily consist of aid for higher education through student financial assistance, loan subsidies, and veterans' education, training, and rehabilitation. Downward reestimates of student loan subsidies reduced net outlays for direct Federal education and training in 2012 and by greater amounts in 2013, leading to an increase in this category in 2014.

This category does not include outlays for education and training of Federal civilian and military employees. Outlays for education and training that are for physical investment and for research and development are in the categories for physical investment and the conduct of research and development.

### **Miscellaneous Physical Investment**

In addition to the categories of major Federal investment, several miscellaneous categories of investment outlays are shown at the bottom of Table 20–1. These items, all for physical investment, are generally unrelated to improving Government operations or enhancing economic activity.

Outlays for commodity inventories are for the purchase or sale of agricultural products pursuant to farm price support programs and other commodities. Purchases are estimated to exceed sales by \$158 million in 2014.

Outlays for other miscellaneous physical investment are estimated to be \$2.8 billion in 2014. This category consists entirely of direct Federal outlays and includes primarily conservation programs.

### Detailed Table on Investment Spending

The following table provides data on budget authority as well as outlays for major Federal investment divided

according to grants to State and local governments and direct Federal spending. Miscellaneous investment is not included because it is generally unrelated to improving Government operations or enhancing economic activity.

**Table 20-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS**  
(In millions of dollars)

Description	Budget Authority			Outlays		
	2012 Actual	2013 Estimate	2014 Estimate	2012 Actual	2013 Estimate	2014 Estimate
<b>GRANTS TO STATE AND LOCAL GOVERNMENTS</b>						
Major public physical investment:						
Construction and rehabilitation:						
Transportation:						
Highways .....	39,723	40,647	39,118	43,896	42,636	42,101
Mass transportation .....	11,925	22,746	12,051	12,098	13,994	15,939
Rail transportation .....	.....	.....	3,660	532	1,127	2,511
Air and other transportation .....	3,685	3,686	53,228	3,219	4,129	9,531
Subtotal, transportation .....	55,333	67,079	108,057	59,745	61,886	70,082
Other construction and rehabilitation:						
Pollution control and abatement .....	2,545	3,194	2,123	4,100	3,393	3,179
Community and regional development .....	4,738	35,228	3,869	9,222	9,405	11,844
Housing assistance .....	3,658	3,680	4,982	6,031	4,957	4,659
Other .....	543	574	544	4,044	1,114	596
Subtotal, other construction and rehabilitation .....	11,484	42,676	11,518	23,397	18,869	20,278
Subtotal, construction and rehabilitation .....	66,817	109,755	119,575	83,142	80,755	90,360
Other physical assets .....	1,560	1,819	1,711	2,070	2,358	2,331
Subtotal, major public physical investment .....	68,377	111,574	121,286	85,212	83,113	92,691
Conduct of research and development:						
Agriculture .....	324	327	320	132	407	488
Other .....	164	320	312	124	144	167
Subtotal, conduct of research and development .....	488	647	632	256	551	655
Conduct of education and training:						
Elementary, secondary, and vocational education .....	37,249	55,569	41,564	45,489	43,516	55,794
Higher education .....	331	483	486	432	345	421
Research and general education aids .....	744	761	758	830	796	797
Training and employment .....	3,899	3,906	3,620	3,449	3,493	3,794
Social services .....	11,331	11,594	12,678	11,074	11,441	12,460
Agriculture .....	405	407	405	427	410	589
Other .....	2,164	2,243	2,395	2,150	2,253	2,381
Subtotal, conduct of education and training .....	56,123	74,963	61,906	63,851	62,254	76,236
<b>Subtotal, grants for investment .....</b>	<b>124,988</b>	<b>187,184</b>	<b>183,824</b>	<b>149,319</b>	<b>145,918</b>	<b>169,582</b>
<b>DIRECT FEDERAL PROGRAMS</b>						
Major public physical investment:						
Construction and rehabilitation:						
National defense:						
Military construction and family housing .....	11,060	11,078	8,849	12,667	14,623	10,963
Overseas Contingency Operations placeholder .....			<sup>1</sup> 88,482			<sup>1</sup> 52,505
Atomic energy defense activities and other .....	79	56	82	65	55	51
Subtotal, national defense .....	11,139	11,134	97,413	12,732	14,678	63,519
Nondefense:						
International affairs .....	1,049	1,024	1,907	1,064	808	1,070
General science, space, and technology .....	896	712	999	838	805	864
Water resources projects .....	2,686	6,153	2,246	4,182	3,106	3,701
Other natural resources and environment .....	1,073	1,604	1,053	1,529	1,322	1,316
Energy .....	8,391	10,775	8,355	9,563	12,783	10,265

**Table 20-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued**

(In millions of dollars)

Description	Budget Authority			Outlays		
	2012 Actual	2013 Estimate	2014 Estimate	2012 Actual	2013 Estimate	2014 Estimate
Postal service .....	320	373	669	241	490	605
Transportation .....	568	6,783	12,677	600	6,627	13,002
Veterans hospitals and other health facilities .....	3,423	3,478	2,674	3,497	3,376	2,566
Administration of justice .....	572	535	1,249	849	701	316
GSA real property activities .....	343	332	2,119	2,877	1,980	1,568
Other construction .....	1,948	6,863	11,135	2,955	7,779	1,931
Subtotal, nondefense .....	21,269	38,632	45,083	28,195	39,777	37,204
Subtotal, construction and rehabilitation .....	32,408	49,766	142,496	40,927	54,455	100,723
Acquisition of major equipment:						
National defense:						
Department of Defense .....	118,445	115,178	99,431	124,915	116,931	99,583
Atomic energy defense activities .....	614	534	575	442	466	503
Subtotal, national defense .....	119,059	115,712	100,006	125,357	117,397	100,086
Nondefense:						
General science and basic research .....	861	834	940	1,007	1,034	871
Postal service .....	205	627	1,666	266	516	963
Air transportation .....	3,705	4,207	3,520	3,389	3,972	3,621
Water transportation (Coast Guard) .....	1,240	1,252	884	1,077	1,381	1,243
Other transportation (railroads) .....	1,418	1,545	2,700	1,421	1,552	1,585
Hospital and medical care for veterans .....	2,620	1,901	1,310	1,720	1,850	1,639
Federal law enforcement activities .....	1,073	1,048	1,035	1,360	1,272	1,260
Department of the Treasury (fiscal operations) .....	330	332	303	358	376	348
National Oceanic and Atmospheric Administration .....	1,830	1,842	2,006	1,315	1,182	1,548
Other .....	3,828	3,816	4,467	4,063	3,831	4,442
Subtotal, nondefense .....	17,110	17,404	18,831	15,976	16,966	17,520
Subtotal, acquisition of major equipment .....	136,169	133,116	118,837	141,333	134,363	117,606
Purchase or sale of land and structures:						
National defense .....	-33	-35	-27	-12	24	-16
Natural resources and environment .....	229	304	420	224	283	346
General government .....	133	128	113	133	130	129
Other .....	-131	1,702	-153	-132	-93	82
Subtotal, purchase or sale of land and structures .....	198	2,099	353	213	344	541
Subtotal, major public physical investment .....	168,775	184,981	261,686	182,473	189,162	218,870
Conduct of research and development:						
National defense:						
Defense military .....	72,811	73,740	68,235	71,146	70,371	66,856
Atomic energy and other .....	4,051	4,496	4,742	3,975	4,610	4,711
Subtotal, national defense .....	76,862	78,236	72,977	75,121	74,981	71,567
Nondefense:						
International affairs .....	269	265	259	253	252	246
General science, space, and technology:						
NASA .....	10,622	10,567	10,883	10,027	10,620	10,974
National Science Foundation .....	5,101	5,137	5,600	5,124	5,969	5,293
Department of Energy .....	3,839	3,959	4,053	4,012	4,107	4,122
Subtotal, general science, space, and technology .....	19,562	19,663	20,536	19,163	20,696	20,389
Energy .....	2,197	2,388	3,186	3,019	2,532	2,933
Transportation:						
Department of Transportation .....	758	705	775	720	717	713
NASA .....	553	546	553	566	494	555
Other transportation .....	27	28	20	21	39	23
Subtotal, transportation .....	1,338	1,279	1,348	1,307	1,250	1,291
Health:						
National Institutes of Health .....	29,879	30,097	30,356	31,671	30,709	30,389
Other health .....	1,407	1,700	1,960	1,185	1,679	1,167

**Table 20-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued**

(In millions of dollars)

Description	Budget Authority			Outlays		
	2012 Actual	2013 Estimate	2014 Estimate	2012 Actual	2013 Estimate	2014 Estimate
Subtotal, health .....	31,286	31,797	32,316	32,856	32,388	31,556
Agriculture .....	1,556	1,504	1,612	1,772	1,641	1,681
Natural resources and environment .....	2,137	2,179	2,423	2,046	2,066	2,222
National Institute of Standards and Technology .....	466	480	1,530	533	557	618
Hospital and medical care for veterans .....	1,160	1,170	1,172	1,168	1,150	1,152
All other research and development .....	1,281	1,318	1,729	1,281	1,391	1,701
Subtotal, nondefense .....	61,252	62,043	66,111	63,398	63,923	63,789
Subtotal, conduct of research and development .....	138,114	140,279	139,088	138,519	138,904	135,356
Conduct of education and training:						
Elementary, secondary, and vocational education .....	1,444	1,480	1,690	1,276	1,367	1,372
Higher education .....	20,254	8,305	16,596	12,108	5,711	20,032
Research and general education aids .....	2,098	2,142	2,305	2,192	2,269	2,213
Training and employment .....	2,812	2,255	2,306	2,456	2,306	2,492
Health .....	1,526	1,631	1,446	1,644	1,804	1,562
Veterans education, training, and rehabilitation .....	12,527	11,559	13,489	10,734	13,512	14,063
General science and basic research .....	952	947	991	945	1,087	1,027
International affairs .....	651	624	583	670	631	786
Other .....	905	819	800	977	1,066	1,016
Subtotal, conduct of education and training .....	43,169	29,762	40,206	33,002	29,753	44,563
<b>Subtotal, direct Federal investment .....</b>	<b>350,058</b>	<b>355,022</b>	<b>440,980</b>	<b>353,994</b>	<b>357,819</b>	<b>398,789</b>
<b>Total, Federal investment .....</b>	<b>475,046</b>	<b>542,206</b>	<b>624,804</b>	<b>503,313</b>	<b>503,737</b>	<b>568,371</b>

<sup>1</sup> Includes the entire placeholder amount for Department of Defense Overseas Contingency Operations in 2014. The amended OCO request will be distributed across a range of investment and non-investment activities.

## PART II: FEDERALLY FINANCED CAPITAL STOCKS

Federal investment spending creates a “stock” of capital that is available for future productive use. Each year, Federal investment outlays add to this stock of capital. At the same time, however, wear and tear and obsolescence reduce it. This section presents very rough measures over time of three different kinds of capital stocks financed by the Federal Government: public physical capital, research and development (R&D), and education.

Federal spending for physical assets adds to the Nation’s capital stock of tangible assets, such as roads, buildings, and aircraft carriers. These assets deliver a flow of services over their lifetime. The capital depreciates as the asset ages, wears out, is accidentally damaged, or becomes obsolete.

Federal spending for the conduct of R&D adds to an “intangible” asset, the Nation’s stock of knowledge. Spending for education adds to the stock of human capital by providing skills that help make people more productive. Although financed by the Federal Government, R&D or education can be carried out by Federal or State government laboratories, universities and other nonprofit organizations, local governments, or private industry. R&D covers a wide range of activities, from the investigation of subatomic particles to the exploration of new frontiers of science; it can be “basic” research without particular applications in mind, or it can have a highly specific practical use. Similarly, education includes a wide variety of programs, assisting people of all ages beginning with pre-

school education and extending through graduate studies and adult education. Like physical assets, the capital stocks of R&D and education provide services over a number of years and depreciate as they become outdated.

For this analysis, physical and R&D capital stocks are estimated using the perpetual inventory method. Each year’s Federal outlays are treated as gross investment, adding to the capital stock; depreciation reduces the capital stock. Gross investment less depreciation is net investment. The estimates of the capital stock are equal to the sum of net investment in the current and prior years. Conversely, the year-to-year change in the capital stock estimates is annual net investment. A limitation of the perpetual inventory method is that the original investment spending may not accurately measure the current value of the asset created, even after adjusting for inflation, because the value of existing capital changes over time due to changing market conditions. However, alternative methods for measuring asset value, such as direct surveys of current market worth or indirect estimation based on an expected rate of return, are especially difficult to apply to assets that do not have a private market, such as highways or weapons systems.

In contrast to physical and R&D stocks, the estimate of the education stock is based on the replacement cost method. Data on the total years of education of the U.S. population are combined with data on the current cost of education and the Federal share of education spend-

ing to yield the cost of replacing the Federal share of the Nation's stock of education.

It should be stressed that these estimates are rough approximations, and provide a basis only for making broad generalizations. Errors may arise from uncertainty about the useful lives and depreciation rates of different types of assets, incomplete data for historical outlays, and imprecision in the deflators used to express costs in constant dollars. Details about the methods used to estimate capital stocks appeared in a methodological note in Chapter 7, "Federal Investment Spending and Capital Budgeting," in the *Analytical Perspectives* volume of the 2004 Budget.

### The Stock of Physical Capital

This section presents data on stocks of physical capital assets and estimates of the depreciation of these assets.

*Trends.* Table 20-3 shows the value of the net federally financed physical capital stock since 1960, in constant fiscal year 2005 dollars. The total stock grew at a 2.5 percent average annual rate from 1960 to 2012, with periods of faster growth during the late 1960s, the 1980s, as well as presently since the mid-2000s. The stock amounted to \$3,134 billion in 2012 and is estimated to increase to \$3,307 billion by 2014. In 2012, the national defense capital stock accounted for \$950 billion, or 30 percent of the total, and nondefense stocks for \$2,130 billion, or 70 percent of the total.

Real stocks of defense and nondefense capital show very different trends. Nondefense stocks have grown consistently since 1970, increasing from \$531 billion in 1970 to \$2,185 billion in 2012. With the investments proposed

in the Budget, nondefense stocks are estimated to grow to \$2,306 billion in 2014. From 1970-1979, the nondefense capital stock grew at an average annual rate of 4.4 percent. Over the 1980s, however, the growth rate slowed to 3.0 percent annually, with growth continuing at about that rate since then.

Real national defense stocks began in 1970 at a relatively high level, and declined steadily throughout the decade as depreciation from investment during the Vietnam War exceeded new investment in military construction and weapons procurement. Starting in the early 1980s, a large defense buildup began to increase the stock of defense capital. By 1987, the defense stock exceeded its earlier Vietnam-era peak. By 1993, however, depreciation on the increased stocks and a slower pace of defense physical capital investment began to reduce the stock from its previous levels. The increased defense investment in the last few years has reversed this decline, increasing the stock from a low of \$637 billion in 2001 to \$1,001 billion in 2014.

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 37 percent of federally financed nondefense capital was owned by the Federal Government, and 63 percent was owned by State and local governments but financed by Federal grants. Expansion in Federal grants for highways and other State and local capital, coupled with slower growth in direct Federal investment for water resources, for example, shifted the composition of the stock substantially. In 2012, 25 percent of the federally financed nondefense stock was owned by the Federal Government and 75 percent by State and local governments.

**Table 20-3. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL**

(In billions of 2005 dollars)

Fiscal Year	Total	National Defense	Total Nondefense	Direct Federal Capital			Capital Financed by Federal Grants				
				Total	Water and Power	Other	Total	Transportation	Community and Regional	Natural Resources	Other
Five year intervals:											
1960 .....	890	619	270	99	62	37	171	104	31	24	12
1965 .....	993	602	391	128	77	51	263	185	38	26	15
1970 .....	1,182	650	531	152	92	60	379	269	55	31	24
1975 .....	1,224	553	671	173	106	67	498	330	89	49	30
1980 .....	1,333	475	858	200	126	74	658	396	140	91	31
1985 .....	1,583	579	1,004	229	140	89	775	460	169	116	30
1990 .....	1,902	752	1,150	265	151	114	885	537	184	131	33
1995 .....	2,058	737	1,320	307	161	146	1,013	621	195	143	53
2000 .....	2,162	641	1,522	349	165	184	1,173	720	213	152	88
Annual data:											
2005 .....	2,481	693	1,788	414	173	241	1,373	860	230	160	123
2006 .....	2,550	717	1,833	425	174	250	1,408	887	233	161	128
2007 .....	2,627	747	1,880	435	175	260	1,444	911	239	162	133
2008 .....	2,716	788	1,928	449	177	272	1,479	935	244	163	137
2009 .....	2,823	837	1,986	474	180	294	1,512	960	246	163	142
2010 .....	2,945	887	2,058	499	187	312	1,559	990	250	166	153
2011 .....	3,054	924	2,130	523	197	326	1,607	1,018	254	169	166
2012 .....	3,134	950	2,185	541	206	335	1,644	1,044	258	171	171
2013 est. ....	3,208	963	2,245	569	217	351	1,676	1,070	261	172	172
2014 est. ....	3,307	1,001	2,306	594	226	367	1,712	1,100	266	174	173

The growth in the stock of physical capital financed by grants has come in several areas. The growth in the stock for transportation is largely grants for highways, including the Interstate Highway System. The growth in community and regional development stocks occurred largely following the enactment of the Community Development Block Grant in the early 1970s. The value of this capital stock has grown only slowly in the past few years. The growth in the natural resources area occurred primarily because of construction grants for water infrastructure projects. The value of the stock of grants for physical capital that are federally financed has increased by over twofold since the mid-1980s.

### The Stock of Research and Development Capital

This section presents data on the stock of research and development (R&D) capital, taking into account adjustments for its depreciation.

*Trends.* As shown in Table 20–4, the R&D capital stock financed by Federal outlays is estimated to be \$1,572 billion in 2012 in constant 2005 dollars. Roughly half is the stock of basic research knowledge; the remainder is the stock of applied research and development.

The nondefense stock accounted for about three-fifths of the total federally financed R&D stock in 2012. Although investment in defense R&D has exceeded that of nondefense R&D in nearly every year since 1981, the

nondefense R&D stock is actually the larger of the two, because of the different emphasis on basic research and applied research and development. Defense R&D spending is heavily concentrated in applied research and development, which depreciates much more quickly than basic research. The stock of applied research and development is assumed to depreciate at a ten percent geometric rate, while basic research is assumed not to depreciate at all.

The defense R&D stock rose slowly during the 1970s, as gross outlays for R&D trended down in constant dollars and the stock created in the 1960s depreciated. Increased defense R&D spending from 1980 through 1990 led to a more rapid growth of the R&D stock. Subsequently, real defense R&D outlays tapered off, depreciation grew, and, as a result, the real net defense R&D stock stabilized at around \$475 billion. Renewed spending for defense R&D in recent years has begun to increase the stock, and it is projected to increase to \$1,634 billion in 2014.

The growth of the nondefense R&D stock slowed from the 1970s to the 1980s, from an annual rate of 3.8 percent in the 1970s to a rate of 2.1 percent in the 1980s. Gross investment in real terms fell during the early 1980s, and about three-fourths of new outlays went to replacing depreciated R&D. Since 1988, however, nondefense R&D outlays have been on an upward trend while depreciation has edged down. As a result, the net nondefense R&D capital stock has grown more rapidly.

**Table 20–4. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT<sup>1</sup>**

(In billions of 2005 dollars)

Fiscal Year	National Defense			Nondefense			Total Federal		
	Total	Basic Research	Applied Research and Development	Total	Basic Research	Applied Research and Development	Total	Basic Research	Applied Research and Development
<b>Five year intervals:</b>									
1960 .....	137	6	132	41	18	22	178	24	154
1965 .....	237	11	226	130	40	90	367	51	316
1970 .....	294	18	276	242	75	166	535	93	443
1975 .....	311	23	288	296	109	186	607	133	474
1980 .....	315	28	287	350	148	202	665	176	489
1985 .....	362	34	328	382	196	186	743	230	513
1990 .....	454	41	413	431	258	173	884	298	586
1995 .....	476	48	428	519	331	188	995	379	616
2000 .....	484	55	429	611	414	197	1,095	469	626
<b>Annual data:</b>									
2005 .....	543	63	480	747	531	217	1,291	594	697
2006 .....	561	64	496	773	554	219	1,334	618	716
2007 .....	579	66	513	798	577	221	1,377	642	734
2008 .....	594	67	527	822	600	223	1,416	667	749
2009 .....	605	69	536	851	626	226	1,456	694	762
2010 .....	615	70	545	883	651	232	1,498	721	776
2011 .....	625	72	553	911	675	235	1,535	747	788
2012 .....	632	74	559	939	702	237	1,572	776	796
2013 est. ....	638	75	563	967	729	238	1,605	804	801
2014 est. ....	639	77	563	994	755	239	1,634	832	802

<sup>1</sup> Excludes stock of physical capital for research and development, which is included in Table 20–3.

### The Stock of Education Capital

This section presents estimates of the stock of education capital financed by the Federal Government.

As shown in Table 20–5, the federally financed education stock is estimated at \$2,108 billion in 2012 in constant 2005 dollars. The vast majority of the Nation's education stock is financed by State and local governments, and by students and their families themselves. This federally fi-

nanced portion of the stock represents about 3.5 percent of the Nation's total education stock. About three-quarters is for elementary and secondary education, while the remainder is for higher education.

The federally financed education stock has grown steadily in the last few decades, with an average annual growth rate of 5.0 percent from 1970 to 2012. The expansion of the education stock is projected to continue under this budget, with the stock rising to \$2,242 billion in 2014.

**Table 20–5. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL**

(In billions of 2005 dollars)

Fiscal Year	Total Education Stock	Elementary and Secondary Education	Higher Education
Five year intervals:			
1960 .....	80	58	22
1965 .....	115	83	31
1970 .....	264	207	57
1975 .....	393	318	75
1980 .....	544	427	117
1985 .....	651	489	162
1990 .....	825	614	211
1995 .....	988	721	267
2000 .....	1,275	929	346
Annual data:			
2005 .....	1,529	1,117	413
2006 .....	1,623	1,169	454
2007 .....	1,721	1,239	482
2008 .....	1,833	1,328	505
2009 .....	1,911	1,412	500
2010 .....	1,970	1,479	491
2011 .....	2,001	1,516	484
2012 .....	2,108	1,606	502
2013 est. ....	2,162	1,655	506
2014 est. ....	2,242	1,726	516



## 21. RESEARCH AND DEVELOPMENT

The President is committed to making investments in research and development (R&D) that will grow our economy and enable America to remain competitive. In the same way that past federal R&D investments led to American leadership in biotechnology and the development of the Internet, the President's focus on science and innovation will help create the industries and jobs of the future and address the challenges and opportunities of the 21st Century. Investing in science and technology-based innovation will let us do things like map the human brain, help find new answers in the fight against Alzheimer's and other diseases, devise new clean energy technologies, and promote new advanced manufacturing opportunities.

The President's 2014 Budget provides \$143 billion for Federal research and development (R&D), including the conduct of R&D and investments in R&D facilities and equipment. Even in the current highly constrained budget environment, the Administration continues to champion R&D, providing a 1 percent funding increase over 2012 levels for all R&D, and an increase of 9 percent for non-defense R&D. This investment reinforces the Administration's commitment to science, technology, and innovation that will help the country make progress toward increasing U.S. productivity and competitiveness, and underpin the industries and jobs of the future. In conjunction with

this investment, the 2014 Budget's proposed expanded, simplified, and permanent extension of the Research and Experimentation tax credit will spur private investment in R&D by providing certainty that the credit will be available for the duration of the R&D investment.

The 2014 Budget continues to strengthen U.S. international leadership by investing in the high-tech knowledge-based economy and innovation-fueled growth industries, such as advanced manufacturing. These investments will enable us to lead the world in clean energy, agriculture, and healthcare while protecting the environment for future generations. The Budget will help ensure that the U.S. continues its long-standing and robust leadership in public and private sector R&D and maintains the high quality of our R&D institutions and entrepreneurial nature of our R&D enterprise.

As required by the America COMPETES Act of 2007, the Budget's priorities generally align with the conclusions of the report from the National Science and Technology Summit held in August 2008. In January 2011, the President signed into law the America COMPETES Reauthorization Act of 2010, reauthorizing various programs intended to strengthen research and education in the U.S. related to science, technology, engineering, and mathematics.

### I. PRIORITIES FOR FEDERAL RESEARCH AND DEVELOPMENT<sup>1</sup>

The Budget<sup>1</sup> provides support for a broad spectrum of research and development, including multidisciplinary research and exploratory, potentially transformative, high-risk research proposals that could fundamentally improve our understanding of nature, revolutionize fields of science, and lead to radically new technologies. The Budget will fund key programs to improve our productivity and to develop new technologies that can meet our Nation's needs better, cheaper, and with fewer environmental consequences.

#### **Promoting Sustainable Economic Growth and Job Creation**

The Administration recognizes the Government's role in fostering scientific and technological breakthroughs, and has committed significant resources to ensure America leads the world in the innovations of the future. The Budget provides \$68 billion for basic and applied research, an increase of 8 percent over the 2012 levels because such research is a reliable source of new knowledge to drive job creation and lasting economic growth.

The 2014 Budget maintains the commitment to increase total Federal investment in the combined budgets of three key basic research agencies: the National Science

Foundation (NSF), the Department of Energy (DOE) Office of Science, and the laboratories of the Department of Commerce (DOC) National Institute of Standards and Technology (NIST), as endorsed in the America COMPETES Reauthorization Act of 2010. The Budget proposes \$13.5 billion in 2014 for these three agencies, an increase of \$1.0 billion (8.0 percent) over 2012 funding. These investments will expand the frontiers of human knowledge and establish the foundation for the industries and jobs of the future, including in clean energy, advanced manufacturing, biotechnology, Big Data, and new materials.

Private sector R&D investments remain essential to foster and deploy innovation as they provide a much wider range of technology options than the Government alone can provide and play a critical role in translating scientific discoveries into commercially successful, innovative products and services. In order to provide businesses with greater confidence to invest, innovate, and grow the Budget proposes to simplify and expand the Research and Experimentation tax credit, and make it permanent.

#### **Moving Toward Cleaner American Energy**

The Administration is committed to enabling a future where the United States leads the world in research, development, demonstration, and deployment of clean-energy technologies to reduce dependence on oil and other

<sup>1</sup> Note that some numbers in the text include non-R&D activities and thus will be different from the R&D numbers reflected in Table 21-1.

energy imports, reduce potential impacts on the environment, and respond to the threat of climate change, while creating high-paying clean energy jobs and new businesses. The Budget reflects the Administration's energy strategy, which includes: basic and applied research to address some of the fundamental unknowns to advancing clean energy technologies, such as understanding and developing new approaches to energy storage; research and development to create and dramatically improve clean energy products, like solar panels, batteries and electric vehicles, wind turbines, and modular nuclear reactors; and appropriate assistance to American entrepreneurs and businesses to commercialize the technologies that will lead the world in new clean energy technologies.

The Budget requests approximately \$7.9 billion for clean energy technology programs government-wide to accelerate the transition to a low-carbon economy and position the United States as the world leader in clean energy. DOE will invest an additional \$1.8 billion or 43 percent above 2012 levels, to advance the state of the art in clean energy technologies such as advanced vehicles and biofuels, industrial and building energy efficiency, and renewable electricity generation from solar, wind, water, and geothermal resources.

For example, the 2014 Budget invests \$2 billion over the next ten years from Federal oil and gas development revenue in a new Energy Security Trust that would provide a reliable stream of mandatory funding for R&D on cost-effective transportation alternatives that reduce our dependence on oil. It would be designed to invest in research that will improve and reduce the cost of technologies that will allow us to run our cars and trucks on electricity, home-grown biofuels, renewable hydrogen, and domestically produced natural gas. In addition, the Budget provides a total of \$957 million in discretionary funding for sustainable transportation activities in the Office of Energy Efficiency and Renewable Energy (EERE) at the Department of Energy, including \$575 million for development of the next generation of advanced vehicles, \$100 million for hydrogen and fuel cell technologies, and \$282 million for advanced biofuel and biorefinery activities, which, combined with complementary U.S. Department of Agriculture efforts, support development of next-generation biofuels like cellulosic and algae-based biofuels. The Budget proposes \$885 million in EERE for energy efficiency and advanced manufacturing activities to help reduce energy use and costs in commercial and residential buildings, in the industrial and business sectors, and in Federal buildings and fleets. And it provides \$615 million for innovative projects to make clean, renewable power, such as solar energy and off-shore wind, more easily integrated into the electric grid and as affordable as electricity from conventional sources. It also includes \$735 million to support nuclear energy, including research and development in areas of fuel cycle and reactor technologies, and \$266 million for an R&D portfolio of carbon capture and storage technologies and advanced power systems that reduce the carbon emission intensity of fossil fuel-based power systems. The Budget includes funding to maintain and expand new models of energy research pioneered in the last several years, including \$379

million for the Advanced Research Projects Agency-Energy (ARPA-E), a program that seeks to fund transformational energy R&D.

### **Defeating Diseases and Improving Americans' Health Outcomes**

The Administration is committed to funding Federal R&D investments in biomedical and health research and supporting policies to improve health. The 2014 Budget strongly supports research that has the potential to accelerate the pace of discovery in the life sciences, especially imaging, neuroscience, bioinformatics, and high-throughput biology. These discoveries will help support the bioeconomy of the future.

The 2014 Budget proposes \$31.3 billion for the National Institutes of Health (NIH) to support high-quality, innovative biomedical research both on-campus and at research institutions across the country. The Budget supports basic and translational research to increase understanding of the causes of disease and spur development of diagnostic tests, treatments, and cures. By increasing the number of new grants, the Budget maintains the pace and scope of research and stimulates the development of new ideas. The Budget includes funding for projects to increase understanding of the brain, create a national patient-powered research network to improve clinical trials, maximize the impact of the Big Data revolution on biomedicine, and increase the diversity of biomedical researchers. To fund these new grants and ensure the highest-quality science is supported, the Budget includes policies to collect better information on administrative costs.

The Budget includes \$40 million for a new advanced molecular diagnostics (AMD) initiative within the Centers for Disease Control and Prevention (CDC). The AMD initiative will allow CDC to more quickly determine where emerging diseases come from, whether microbes are resistant to antibiotics, and how microbes are moving through a population. This new whole-genome sequencing technology will also allow CDC to increase the timeliness and accuracy, and decrease the cost, of culture based analysis. These new investments will strengthen CDC's epidemiologic and laboratory expertise to guide public health actions.

The Budget includes approximately \$498 million in mandatory R&D funding for the independent Patient-Centered Outcomes Research Institute (PCORI) to conduct clinical comparative effectiveness research, as authorized by the Affordable Care Act.

The Budget also proposes more than \$1 billion for medical and prosthetic research across the Department of Veterans Affairs.

The Budget for the Department of Agriculture includes about \$82 million for research on zoonotic animal diseases such as Rift Valley Fever, Bovine Spongiform Encephalopathy, Avian Influenza, Bovine Tuberculosis, and Brucellosis, that could spread to humans. In addition, about \$119 million would be spent on food safety research to reduce the incidence of bacteria such as salmonella, E coli, Campylobacter and Listeria; food borne parasites; and natural toxins such as aflatoxins that affect public health.

## Advanced Manufacturing

The Budget supports the Advanced Manufacturing Partnership (AMP), a national effort that brings together industry, universities, and the Federal government to develop and commercialize the emerging technologies that will create high-quality manufacturing jobs and enhance our global competitiveness. The 2014 Budget provides \$2.9 billion for Federal R&D directly supporting advanced manufacturing at NSF, DOD, DOE, DOC, and other agencies. For example, the Budget provides DOE with \$365 million for important technology efforts on innovative manufacturing processes and advanced industrial materials. These innovations will enable U.S. companies to cut manufacturing costs and reduce the life cycle energy consumption of technologies, while improving product quality and accelerating product development. The Budget also includes a \$25 million increase for the Hollings Manufacturing Extension Partnership to establish Manufacturing Technology Acceleration Centers to assist manufacturers in adopting new technologies and \$1 billion in mandatory funding to establish the National Network of Manufacturing Innovation, which will develop cutting-edge manufacturing technologies and capabilities. In addition, as part of the broader effort, the Budget invests in the National Robotics Initiative (NRI) to develop robots that work with or beside people to extend or augment human capabilities. In addition to having applications in space, biology, and security, robots have the potential to increase the productivity of workers in the manufacturing sector. Another important component of the advanced manufacturing R&D strategy is the Materials Genome Initiative: by leveraging advances in computer simulations and the overall material knowledge-base, this initiative aims to increase the rate by which we understand and characterize new materials, providing a wealth of practical information that entrepreneurs and innovators will be able to use to develop new products and processes for U.S. firms.

## Understanding Global Climate Change and Its Impacts

The U.S. Global Change Research Program (USGCRP) coordinates and integrates Federal research and applications to assist the Nation and the world to understand, assess, predict, and respond to human-induced and natural processes of global change. Within coordinated USGCRP interagency investments, the 2014 Budget supports the goals set forth in the program's 2012-2021 strategic plan, which include: advancing scientific knowledge of the integrated natural and human components of the Earth system; providing the scientific basis to inform and enable timely decisions on adaptation and mitigation; building sustained assessment capacity that improves the United States' ability to understand, anticipate, and respond to global change impacts and vulnerabilities; and advancing communications and education to broaden public understanding of global change. The 2014 Budget also supports an integrated and ongoing National Climate Assessment of climate change science, impacts, vulnerabilities, and re-

sponse strategies. The 2014 Budget provides \$2.7 billion for USGCRP programs.

## Stewardship of Natural Resources

Sustainable stewardship of natural resources requires strong investments in research and development in the natural sciences to inform decision-making. The 2014 Budget provides \$2.8 billion in R&D funding to support resource decision making and environmental stewardship at the Department of the Interior (DOI), Environmental Protection Agency (EPA), National Oceanic and Atmospheric Administration (NOAA), and Department of Agriculture (USDA). The Budget provides strong support for R&D related to the management of public lands, ecosystems, energy permitting, Earth observations (such as earth observing satellites and monitoring of water, wildlife, and invasive species), and expanded investments in natural resource management by American Indian tribes. The Budget also provides strong support for science to inform ocean and coastal stewardship, with investments in ocean observations and exploration, coastal mapping and assessment, coastal ecosystem research, and coastal habitat restoration. The Budget strengthens investments in the safety and security of the Nation through research and development related to hazards such as earthquakes, floods, and extreme weather. Responding to the President's Council of Advisors on Science and Technology (PCAST) recent report, "Agricultural Preparedness & the United States Agricultural Research Enterprise", the 2014 Budget invests \$383 million in USDA's Agriculture and Food Research Initiative (AFRI) which will be distributed through competitively awarded extramural research grants to support breakthrough research in national priorities including water quantity and quality, sustainable agricultural production, and climate change adaptation, as well as other USDA priorities such as bioenergy, food safety, and human nutrition.

## Science and Technology for Security

Federal R&D investments in security aim to protect our nation from current and emerging threats. The development of technologies that allow our government to detect, counter and defeat threats is critical to our military's success and our national security. The Department of Defense's (DOD) R&D investments in the 2014 Budget focus on areas deemed to have the greatest impact on our nation and future military requirements. To this end, the 2014 Budget provides \$68.3 billion for DOD R&D, a 6 percent decrease from the 2012 enacted level. The decrease represents reductions in development activities as programs mature and transition to production.

The 2014 Budget proposes \$12.0 billion for DOD's Science & Technology (S&T) program, which consists of basic research, applied research and advanced technology development. Although this proposal represents a 1.8 percent decrease from the 2012 enacted level, but it is a 1.0 percent increase above the 2013 Budget Proposal. This year's proposal places special emphasis on basic research, the most fundamental type of research, which increases by 2.3 percent from the previous year's proposed

level. DOD's increased investment in S&T demonstrates its continued commitment to researching and developing forward looking capabilities.

The 2014 Budget also maintains DOD's critical role in fostering promising technologies with \$2.9 billion for the Defense Advanced Research Projects Agency (DARPA). This funding level represents an increase of \$50 million (1.8 percent) from the 2012 enacted level. Investing in DARPA's high-risk and high-reward science is an Administration priority and critical to maintaining the technological superiority of the U.S. military.

For DOE, the Budget proposes \$4.9 billion for investments in R&D for the Nation's nuclear stockpile, naval nuclear propulsion, and nonproliferation goals.

The Budget increases investments to develop state-of-the-art technologies and solutions for Federal, State, and local homeland security operators. The Budget proposes \$574 million in funding for the Department of Homeland Security R&D programs that protect the Nation's people and critical infrastructure from chemical, biological, and cyber attacks. The Budget also proposes \$714 million to construct a state-of-the-art facility to study and develop countermeasures for emerging zoonotic diseases that threaten human health and our agricultural industry.

### **Strengthening the R&D enterprise with related investments**

In order to address these priorities effectively, the Administration recognizes the need to strengthen key cross-cutting areas.

**Science, technology, engineering, and mathematics (STEM) education:** Students need to master science, technology, engineering, and mathematics (STEM) in order to thrive in the 21st Century economy. That is why the Administration proposes a comprehensive reorganization of STEM education programs to increase the impact of Federal investments in four areas: K-12 instruction; undergraduate education; graduate fellowships; and education activities that typically take place outside the classroom, all with a focus on increasing participation and opportunities for individuals from groups historically underrepresented in these fields. The reorganization involves a consolidation of nearly 90 programs across 11 different agencies and realignment of ongoing STEM education activities to improve the delivery, impact, and visibility of STEM efforts. Nearly \$180 million will be redirected from these consolidated programs towards the Department of Education, NSF, and the Smithsonian Institution to implement core initiatives in these four priority areas.

The Department of Education will restructure its own existing efforts to lead a cohesive and robust initiative around improving K-12 instruction and working effectively toward the President's goal of generating 100,000 effective STEM teachers over the next decade. The Budget invests \$265 million, redirected from within the Department and from other agencies, to support STEM Innovation Networks, which would be districts or consortia of districts working in partnership with universities, science agencies, museums, businesses, and other edu-

cational entities. These public-private partnerships will work to harness local, regional, and national resources to dramatically transform teaching and learning by implementing research-based practices, supporting innovation, and building capacity at both school and district levels. Additionally, Networks will leverage the expertise of the Nation's most talented science and math teachers—through a new STEM Master Teachers Corps—to help improve instruction in their schools and districts, and to serve as a national resource for best practices in math and science teaching. The new investment also includes \$80 million to support the President's goal of preparing 100,000 highly-effective teachers. To reinforce the Department's transformation of STEM teaching and learning, the Budget continues support for the joint K-16 Math Initiative.

NSF will enhance STEM undergraduate education and reform graduate fellowships so they reach more students and address national needs. The Budget proposes to consolidate disparate science and engineering undergraduate education activities across government into a new consolidated program at NSF. This reform will increase the efficiency and effectiveness of these streamlined investments by implementing evidence-based instructional practices and supporting an expanded evidence base. It also supports research on how new technologies can facilitate adoption and use of new approaches to instruction. The Budget provides \$123 million for this new program. The Budget also provides \$325 million for a newly consolidated NSF graduate research fellowship program.

Many agencies currently engage in various informal education activities to get the public, students, and teachers interested in their missions and research. The Budget also redirects \$25 million from these agencies to the Smithsonian Institution to improve the reach of informal education activities by ensuring that they are aligned with State standards and are relevant to the classroom.

**Aerospace capabilities:** The Budget provides \$17.7 billion for the National Aeronautics and Space Administration (NASA) to support NASA's efforts to drive innovation through the aerospace sector and enhance our capabilities in space. Such capabilities are essential for communications, geopositioning, intelligence gathering, Earth observation, and national defense. As part of these efforts, NASA will embark on technology development and test programs aimed at increasing these capabilities and reducing the cost of NASA, other government, and U.S. commercial space activities. NASA will also support innovative fundamental research and systems-level applications to reduce fuel needs, noise, and emissions of aircraft. Within NASA, the Budget provides \$1.8 billion for Earth Science to sustain progress toward important satellite missions and research to advance climate science and to sustain vital space-based Earth observations. Also included in the NASA Budget is \$821 million for the Commercial Crew program, an innovative partnership with American industry to transport crew to the International Space Station. The Budget provides \$2.0 billion for NOAA to fund development of the next generation of polar-orbiting and geostationary satellite sys-

tems, which are critical to weather forecasting, as well as satellite-borne measurements of sea level and potentially damaging solar storms.

**Infrastructure:** The Administration places a high priority on improving and protecting our information, communication, and transportation infrastructure, which is essential to our commerce, science, and security alike. The 2014 Budget prioritizes infrastructure in support of Earth observation systems from all platforms (space-based, terrestrial, airborne, and marine) that contribute to clearly-defined societal benefit areas, such as managing agriculture and understanding climate change. These earth-observation systems provide the scientific data underpinning environmental research, weather forecasting, natural resource and land management, and geopositioning, among many other uses. The 2014 Budget makes in-

vestments to sustain earth-observation systems identified as high priority in the forthcoming National Earth Observations Strategy, including satellites, stream gages, light detection and ranging (LiDAR), and ocean observing systems. The Budget also includes support to make the output of the U.S.'s unparalleled Earth observing systems more accessible and usable, which will increase the utility of these investments for public good and foster private investment in innovative uses this information. Maintaining high quality federal research to serve the public requires up-to-date laboratory facilities. Therefore the Budget includes \$155 million for the full cost of renovation and construction of a USDA poultry disease bio surveillance and research facility to reduce poultry diseases that could affect human health and the agricultural sector.

## II. FEDERAL R&D DATA

R&D is the collection of efforts directed toward gaining greater knowledge or understanding and applying knowledge toward the production of useful materials, devices, and methods. R&D investments can be characterized as basic research, applied research, development, R&D equipment, or R&D facilities. The Office of Management and Budget has used those or similar categories in its collection of R&D data since 1949.

### Federal R&D Funding

More than 20 Federal agencies fund R&D in the United States. The nature of the R&D that these agencies fund depends on the mission of each agency and on the role of R&D in accomplishing it. Table 21-1 shows agency-by-agency spending on basic and applied research, development, and R&D equipment and facilities.

**Basic research** is systematic study directed toward a fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. Basic research, however, may include activities with broad applications in mind.

**Applied research** is systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.

**Development** is systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

**Research and development equipment** includes acquisition or design and production of movable equipment, such as spectrometers, research satellites, detectors, and other instruments. At a minimum, this category should include programs devoted to the purchase or construction of R&D equipment.

**Research and development facilities** include the acquisition, design, and construction of, or major repairs or alterations to, all physical facilities for use in R&D activities. Facilities include land, buildings, and fixed capital equipment, regardless of whether the facilities are to be used by the Government or by a private organization, and regardless of where title to the property may rest. This category includes such fixed facilities as reactors, wind tunnels, and particle accelerators.

## III. MULTI-AGENCY R&D ACTIVITIES

Many research investments into the most promising areas for future industry, scientific discovery, and job creation are being addressed through multi-agency research activities coordinated through the National Science and Technology Council (NSTC) and other interagency forums. Most of these challenges simply cannot be addressed effectively by a single agency. Moreover, innovation often arises from combining the tools, techniques, and insights from multiple agencies. Details of two such interagency efforts – networking and information technology R&D and nanotechnology R&D– are described below.

**Networking and Information Technology R&D:** The multi-agency Networking and Information Technology Research and Development (NITRD) Program provides strategic planning for and coordination of agency research efforts in cyber security, high-end computing systems, advanced networking, software development, high-

confidence systems, health IT, wireless spectrum sharing, cloud computing, and other information technologies.

The 2014 Budget includes a focus on research to improve our ability to derive value and scientific inferences from unprecedented quantities of data (“big data”) and continues to emphasize foundations for assured computing and secure hardware, software, and network design and engineering to address the goal of making Internet communications more secure and reliable. Budget information for NITRD is available at [www.nitrd.gov](http://www.nitrd.gov).

**Nanotechnology R&D:** To accelerate nanotechnology development the National Nanotechnology Initiative (NNI) member agencies focus on R&D of materials, devices, and systems that exploit the unique physical, chemical, and biological properties that emerge in materials at the nanoscale (approximately 1 to 100 nanometers). Participating agencies continue to support fundamental

research for nanotechnology-based innovation, technology transfer, and nanomanufacturing through individual investigator awards; multidisciplinary centers of excellence; education and training; and infrastructure and standards development, including openly-accessible user facilities and networks. Furthermore, agencies have identified and are pursuing Nanotechnology Signature Initiatives

in the national priority areas of nanomanufacturing, solar energy, sustainable design of nanoengineered materials, nanoscale sensors, and nanoelectronics through close alignment of existing and planned research programs, public-private partnerships, and research roadmaps (for details see [nano.gov/initiatives/government/signature](http://nano.gov/initiatives/government/signature)). Budget information is available at [nano.gov](http://nano.gov).

**Table 21-1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING**

(Budget authority, dollar amounts in millions)

	2012 Actual	2013 CR	2014 Proposed	Dollar Change: 2014 to 2012	Percent Change: 2014 to 2012
<b>By Agency</b>					
Defense .....	72,916	73,839	68,291	-4,625	-6%
Health and Human Services .....	31,377	31,734	32,046	669	2%
Energy .....	10,811	11,406	12,739	1,928	18%
NASA .....	11,315	11,282	11,605	290	3%
National Science Foundation .....	5,636	5,643	6,148	512	9%
Commerce .....	1,254	1,338	2,682	1,428	114%
Agriculture .....	2,331	2,249	2,523	192	8%
Homeland Security .....	481	514	1,374	893	186%
Veterans Affairs .....	1,160	1,170	1,172	12	1%
Interior .....	820	841	963	143	17%
Transportation .....	921	852	942	21	2%
Environmental Protection Agency .....	568	571	560	-8	-1%
Patient-Centered Outcomes Research Trust Fund .....	120	304	498	378	315%
Education .....	397	342	352	-45	-11%
Smithsonian Institution .....	243	241	250	7	3%
Other .....	562	577	628	66	12%
<b>TOTAL .....</b>	<b>140,912</b>	<b>142,903</b>	<b>142,773</b>	<b>1,861</b>	<b>1%</b>
<b>Basic Research</b>					
Defense .....	2,014	1,874	2,134	120	6%
Health and Human Services .....	16,195	16,096	16,182	-13	-0%
Energy .....	3,912	4,034	4,129	217	6%
NASA .....	3,181	3,360	3,656	475	15%
National Science Foundation .....	4,584	4,657	5,120	536	12%
Commerce .....	163	165	217	54	33%
Agriculture .....	927	847	891	-36	-4%
Homeland Security .....	15	19	44	29	193%
Veterans Affairs .....	470	476	478	8	2%
Interior .....	54	55	64	10	19%
Transportation .....	.....	.....	.....	.....	.....
Environmental Protection Agency .....	.....	.....	.....	.....	.....
Patient-Centered Outcomes Research Trust Fund .....	.....	.....	.....	.....	.....
Education .....	6	7	7	1	17%
Smithsonian Institution .....	200	205	214	14	7%
Other .....	19	31	26	7	37%
<b>SUBTOTAL .....</b>	<b>31,740</b>	<b>31,826</b>	<b>33,162</b>	<b>1,422</b>	<b>4%</b>
<b>Applied Research</b>					
Defense .....	4,728	4,237	4,602	-126	-3%
Health and Human Services .....	14,933	15,434	15,660	727	5%
Energy .....	3,584	4,031	4,405	821	23%
NASA .....	2,650	2,689	2,645	-5	-0%
National Science Foundation .....	517	480	480	-37	-7%

Table 21-1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued

(Budget authority, dollar amounts in millions)

	2012 Actual	2013 CR	2014 Proposed	Dollar Change: 2014 to 2012	Percent Change: 2014 to 2012
Commerce <sup>1</sup> .....	778	839	2,061	1,283	165%
Agriculture .....	1,124	1,127	1,190	66	6%
Homeland Security .....	146	153	230	84	58%
Veterans Affairs .....	618	622	622	4	1%
Interior .....	650	668	767	117	18%
Transportation .....	651	633	658	7	1%
Environmental Protection Agency .....	480	482	473	-7	-1%
Patient-Centered Outcomes Research Trust Fund .....	120	304	498	378	315%
Education .....	227	202	205	-22	-10%
Smithsonian Institution .....	.....	.....	.....	.....	.....
Other .....	412	417	467	55	13%
<b>SUBTOTAL</b>	<b>31,618</b>	<b>32,318</b>	<b>34,963</b>	<b>3,345</b>	<b>11%</b>
<b>Development</b>					
Defense .....	66,069	67,629	61,499	-4,570	-7%
Health and Human Services .....	81	35	35	-46	-57%
Energy .....	2,446	2,669	3,338	892	36%
NASA .....	5,344	5,064	5,135	-209	-4%
National Science Foundation .....	.....	.....	.....	.....	.....
Commerce .....	82	105	145	63	77%
Agriculture .....	191	184	188	-3	-2%
Homeland Security .....	223	232	322	99	44%
Veterans Affairs .....	72	72	72	0	0%
Interior .....	113	114	127	14	12%
Transportation .....	245	200	245	0	0%
Environmental Protection Agency .....	83	84	82	-1	-1%
Patient-Centered Outcomes Research Trust Fund .....	.....	.....	.....	.....	.....
Education .....	164	133	140	-24	-15%
Smithsonian Institution .....	.....	.....	.....	.....	.....
Other .....	131	129	135	4	3%
<b>SUBTOTAL</b>	<b>75,244</b>	<b>76,650</b>	<b>71,463</b>	<b>-3,781</b>	<b>-5%</b>
<b>Facilities and Equipment</b>					
Defense .....	105	99	56	-49	-47%
Health and Human Services .....	168	169	169	1	1%
Energy .....	869	672	867	-2	-0%
NASA .....	140	169	169	29	21%
National Science Foundation .....	535	506	548	13	2%
Commerce .....	231	229	259	28	12%
Agriculture .....	89	91	254	165	185%
Homeland Security .....	97	110	778	681	702%
Veterans Affairs .....	.....	.....	.....	.....	.....
Interior .....	3	4	5	2	67%
Transportation .....	25	19	39	14	56%
Environmental Protection Agency .....	5	5	5	0	0%
Patient-Centered Outcomes Research Trust Fund .....	.....	.....	.....	.....	.....
Education .....	.....	.....	.....	.....	.....
Smithsonian Institution .....	43	36	36	-7	-16%
Other .....	.....	.....	.....	.....	.....
<b>SUBTOTAL</b>	<b>2,310</b>	<b>2,109</b>	<b>3,185</b>	<b>875</b>	<b>38%</b>

<sup>1</sup> The amounts reported for applied research and total R&D at the Department of Commerce were corrected. Therefore these amounts are not consistent with those reported in the investment tables in Chapter 20.



## 22. CREDIT AND INSURANCE

The Federal Government offers direct loans and loan guarantees to support a wide range of activities including home ownership, education, small business, farming, energy, infrastructure investment, and exports. Also, Government-Sponsored Enterprises (GSEs) operate under Federal charters for the purpose of enhancing credit availability for targeted sectors. Through its insurance programs, the Federal Government insures deposits at depository institutions, guarantees private defined-benefit pensions, and insures against some other risks such as flood and terrorism. Over the last few years, many of these programs have been playing more active roles to address financing difficulties triggered by the recent financial crisis.

This chapter discusses the roles of these diverse programs:

- The first section emphasizes the roles of Federal credit and insurance programs in addressing market imperfections that may prevent the private market from efficiently providing credit and insurance.
- The second section discusses individual credit programs and the GSEs. Credit programs are broadly classified into five categories: housing, education, small business and farming, energy and infrastructure, and international lending.
- The third section reviews Federal deposit insurance, pension guarantees, disaster insurance, and insurance against terrorism and other security-related risks.
- The last section discusses current issues in credit budgeting. This year, the section is devoted to “fair value” cost estimates for Federal credit programs.

### I. THE FEDERAL ROLE

Credit and insurance markets sometimes fail to function smoothly due to market imperfections. Relevant market imperfections include information failures, monitoring problems, limited ability to secure resources, insufficient competition, externalities, and financial market instability. Federal credit and insurance programs may improve economic efficiency if they effectively fill the gaps created by market imperfections. The presence of a market imperfection, however, does not mean that Government intervention will always be effective. To be effective, a credit or insurance program should be carefully designed to reduce inefficiencies in the targeted area without disturbing efficiently functioning areas. In addition to correcting market failures, Federal credit and insurance programs may provide subsidies to serve other policy purposes, such as reducing inequalities and extending opportunities to disadvantaged regions or segments of the population. The effectiveness of the use of credit assistance should be carefully compared with that of other policy tools, such as grants and tax credits.

**Information Failures.** When lenders have insufficient information about borrowers, they may fail to evaluate the creditworthiness of borrowers accurately. As a result, some creditworthy borrowers may fail to obtain credit at a reasonable interest rate, while some high-risk borrowers obtain credit at an attractive interest rate. The problem becomes more serious when borrowers are much better informed about their own creditworthiness than lenders (asymmetric information). With asymmetric information, raising the interest rate can disproportionately draw high-risk borrowers who care less about the interest rate (adverse selection). Thus, if adverse selection is likely for a borrower group, lenders may limit the amount of credit to the group instead of raising the interest rate or even exclude

the group all together. In this situation, many creditworthy borrowers may fail to obtain credit even at a high interest rate. Ways to deal with this problem in the private sector include equity financing and pledging collateral. Federal credit programs play a crucial role for those populations that are vulnerable to this information failure and do not have effective means to deal with it. Start-up businesses lacking a credit history, for example, are vulnerable to the information failure, but most of them do not have access to equity financing or sufficient collateral. Another example is students who have little income, little credit experience, and no collateral to pledge. Without Federal credit assistance, many in these groups may be unable to pursue their goals. In addition, a moderate subsidy provided by the Government can alleviate adverse selection by attracting more low-risk borrowers, although an excessive subsidy can cause economic inefficiency by attracting many borrowers with unworthy projects.

**Monitoring Needs.** Monitoring is a critical part of credit and insurance businesses. Once the price (the interest rate or the insurance premium) is set, borrowers and policyholders may have incentives to engage in risky activities. Insured banks, for example, might take more risk to earn a higher return. Although private lenders and insurers can deter risk-taking through covenants, repricing, and cancellation, Government regulation and supervision can be more effective in some cases, especially where covering a large portion of the target population is important. For a complex business like banking, close examination may be necessary to deter risk-taking. Without legal authority, close examination may be impractical. When it is difficult to prevent risk-taking, private insurers may turn down many applicants and often cancel policies, which is socially undesirable in some cases. To the extent

possible, bank failures should be prevented because they can disrupt the financial market. If private-sector pensions were unprotected, many retirees could experience financial hardships and strain other social safety nets.

**Limited Ability to Secure Resources.** The ability of private entities to absorb losses is more limited than that of the Federal Government. For some events potentially involving a very large loss concentrated in a short time period, therefore, Government insurance can be more reliable. Such events include large bank failures and some natural and man-made disasters that can threaten the solvency of private insurers. In addition, some lenders may have limited funding sources. Small local banks, for example, may have to rely largely on local deposits.

**Insufficient Competition.** Competition can be insufficient in some markets because of barriers to entry or economies of scale. Insufficient competition may result in unduly high prices of credit and insurance in those markets.

**Externalities.** Decisions at the individual level are not socially optimal when individuals do not capture the full benefit (positive externalities) or bear the full cost

(negative externalities) of their activities. Education, for example, generates positive externalities because the general public benefits from the high productivity and good citizenship of a well-educated person. Pollution, in contrast, is a negative externality, from which other people suffer. Without Government intervention, people may engage less than the socially optimal level in activities that generate positive externalities and more in activities that generate negative externalities.

**Financial Market Instability.** Another rationale for Federal intervention is to prevent instability in the financial market. Without deposit insurance, for example, the financial market would be much less stable. When an economic shock impairs the financial structure of many banks, depositors may find it difficult to distinguish between solvent banks and insolvent ones. In this situation, a large number of bank failures might prompt depositors to withdraw deposits from all banks (bank runs). Bank runs would make bank failures contagious and harm the entire economy. Deposit insurance is critical in preventing bank runs.

## II. CREDIT IN VARIOUS SECTORS

### Housing Credit Programs and GSEs

Through housing credit programs, the Federal Government promotes homeownership and housing among various target groups, including low-income people, veterans, and rural residents. Recently, the target market served has expanded dramatically due to the financial crisis.

The consequences of inflated house prices and loose mortgage underwriting during the housing bubble that peaked in 2007 created perilous conditions for many American homeowners. As broader economic conditions soured and home prices declined, millions of families have been foreclosed upon, millions more find themselves owing more on their homes than their homes are worth, and many communities have been destabilized. To make matters more difficult, private capital had all but disappeared from the market. Without the unprecedented Federal support provided to the housing market over the last five years, the situation would be far more problematic.

#### Federal Housing Administration

The Federal Housing Administration (FHA) guarantees mortgage loans to provide access to homeownership for people who may have difficulty obtaining a conventional mortgage. FHA has been a primary facilitator of mortgage credit for first-time and minority buyers, a pioneer of products such as the 30-year self-amortizing mortgage, and a vehicle to enhance credit for many moderate and low-income households.

#### FHA and the Mortgage Market

In the early 2000s, FHA's market presence diminished greatly as low interest rates increased the affordability of mortgage financing and more borrowers used emerging non-prime mortgage products, including subprime and

Alt-A mortgages. Many of these products had risky and hard-to-understand features such as low "teaser rates" offered for periods as short as the first two years of the mortgage, high loan-to-value ratios (with some mortgages exceeding the value of the house), and interest-only loans requiring full payoff at a set future date. The Alt-A mortgage made credit easily available by waiving documentation of income or assets. This competition eroded the market share of FHA's single-family loans, reducing it from 9 percent in 2000 to less than 2 percent in 2005.

Starting at the end of 2007 and continuing through the present day, the availability of FHA and Government National Mortgage Association (which supports the secondary market for federally-insured housing loans by guaranteeing securities backed by such mortgages) credit guarantees has been an important factor countering the tightening of private-sector credit. The annual volume of FHA's single-family mortgages soared from \$52 billion in 2006 to \$330 billion in 2009.

FHA's presence has supported the home purchase market and enabled many existing homeowners to re-finance at today's lower rates. If not for such re-financing options, many homeowners would face higher risk of foreclosure due to the less favorable terms of their current mortgages.

While the provision of FHA insurance is serving a valuable role in addressing the needs of the present, the potential return of conventional finance to the mortgage market—with appropriate safeguards for consumers and investors including proper assessment and disclosure of risk—would broaden both the options available to borrowers and the sources of capital to fund those options. The Administration supports a greater role for non-federally assisted mortgage credit and a reduction toward historical market shares for Federal assistance, while recognizing

ing that FHA will continue to play an important role in the mortgage market going forward.

Following its peak in 2009, FHA's new origination loan volume declined in 2012 to \$213 billion. In line with the volume decrease, the FHA's market share for new home purchase loans declined to 20 percent through the first 10 months of 2012, after peaking at 30 percent in 2009. Part of this decline is likely due to the increased price of FHA insurance, as discussed in detail below.

### ***FHA's Budget Costs***

Throughout the recent period of stress in the mortgage market and into the Budget's projections for 2013, FHA, like many mortgage market participants, has faced significant financial risk and incurred large costs associated with defaults on loans made prior to the housing bubble's burst. Since 1992, the net cost of FHA Mutual Mortgage Insurance (MMI) Fund insurance (comprised of nearly all FHA single-family mortgages and, beginning with 2008 originations, Home Equity Conversion Mortgages) has been reestimated and increased by a total of \$65.8 billion excluding interest, with \$37.7 billion of that reestimate occurring in the last four years.

FHA's budget estimates can be volatile and prone to forecast error because default claim rates are sensitive to a variety of dynamics. Insurance premium revenues are spread thinly but universally over pools of policyholders, making those inflows generally stable and subject to less forecast error than for mortgage defaults. Mortgage insurance costs, however, are concentrated in the small minority of borrowers who default and become claims, with the average per claim cost much larger than the average premium income. Therefore, if claims change by even a small fraction of borrowers (e.g., 1 percent), net insurance costs will move by a multiple of that change. For other forms of insurance, such as life and health, these changes tend to gradually occur over time, allowing actuaries to anticipate the effects and modify risk and pricing models accordingly. The history of FHA, however, has been spotted with rapid, unanticipated changes in claim costs and recoveries. FHA is vulnerable to "Black Swans," outlier events that are difficult to predict and have deep effect. For FHA, these include the collapse of house prices nationwide and the emergence of lending practices with very high claim rates, such as the now illegal seller-financed down-payment mortgage.

One of the major benefits of an FHA-insured mortgage is that it provides a homeownership option for borrowers who make only a modest down-payment, but show that they are creditworthy and have sufficient income to afford the house they want to buy. In 2010, 68 percent of new FHA loans were financed with less than five percent down. The disadvantage to these low down-payment mortgages is that they have little in the way of an equity cushion should house prices decline. When house price declines or stagnation combines with household income loss, limited equity makes mortgage claims more likely, as the market price for a home may not be sufficient to pay off the debt.

FHA has safeguards (such as requiring documented income) to protect it from the worst credit-risk exposure,

such as that experienced in the private sector subprime and Alt-A markets. Like many parties with credit-risk, however, FHA has been significantly hurt by house price depreciation.

Influenced by all these factors, FHA recorded a reestimate of \$17.6 billion excluding interest in 2013 in the expected costs of its outstanding loan portfolio of the MMI Fund; an additional reestimate amount of \$3.6 billion is recorded in the General and Special Risk Insurance Fund and is largely due to continued losses from Home Equity Conversion Mortgages (HECMs) and other single family commitments issued before 2009. Under the provisions of the Federal Credit Reform Act, these subsidy reestimate costs are recorded as mandatory outlays in the year the reestimates are performed and will increase the 2013 budget deficit. According to its annual actuarial analysis, FHA has been below the target minimum capital ratio of 2 percent since 2009. As the housing market recovers, the actuarial review projects that the ratio will again exceed 2 percent by 2017. However, it is important to note that a low capital ratio does not threaten FHA's operations, either for its existing portfolio or for new books of business. Unlike private lenders, the guarantee on FHA and other Federal loans is backed by the full faith and credit of the Federal Government and is not dependent on capital reserves to honor its commitments.

### ***Policy Responses to Enhance FHA's Risk Management and Capital Reserve***

Since 2008, FHA has increased insurance premiums and tightened underwriting criteria to reduce risk, bolster its capital resources, and encourage the re-entry of private financing into the mortgage market. These steps resulted from analyzing: 1) the ongoing broader housing market stabilization and recovery; 2) the credit risk of specific targeted populations; and 3) FHA MMI Fund capital reserves. This approach balances the goal of rebuilding FHA's capital reserves quickly against the risks of compromising FHA's mission and overcorrecting at this critical phase of the housing market recovery.

To increase FHA's capital resources and to encourage the return of large-scale private mortgage financing, there have been five premium increases since 2008. This year, FHA is implementing another increase of 0.1 percentage points in annual premiums. With this increase, upfront fees on home purchase guarantees will be 1.75 percent and annual fees will be 1.35 percent. For a typical borrower, the cumulative increases since 2008 are 0.25 percentage points in the upfront premium and 0.85 percentage points in annual premiums. While this is a significant increase, its impact on the housing market should be modest. With high housing affordability resulting from low interest rates and decreased house prices, the main obstacle to housing market recovery is not high financing costs but limited credit availability.

In November, 2012, FHA announced the following steps to bolster financial performance, in addition to the 2013 premium increase.

1. Reverse a policy to cancel required premium payments after borrowers achieve an amortized loan to

value ratio of 78 percent. Under the current practice borrowers pay premiums for only about ten years even though FHA's 100 percent insurance guarantee remains in effect for up to 30 years. This change will apply only to new loans.

2. Revise its loss mitigation program to target deeper levels of payment relief for struggling borrowers, allowing more families to retain their homes and avoid foreclosure.
3. Expand the use of home short-sales, which provide opportunities for distressed borrowers for whom home retention is not feasible to transition to new housing without going through foreclosure.
4. For loans above \$625,000, raise the minimum cash down-payment from 3.5 percent to 5 percent to create a larger borrower equity position.
5. For HECMs, institute a moratorium on new full-draw mortgages to eliminate a costly version of the product.

To increase FHA support of credit while the housing market is troubled, several temporary higher loan limits have been enacted since 2008. These limits cap the size of FHA mortgages at the lesser of \$729,750 or 125 percent of area median house price while the permanent limits are the lesser of \$625,500 or 115 percent of area median price. The temporary limits expire at the end of 2013. Similar temporary loan limits for Fannie Mae and Freddie Mac expired at the end of September 2011. As a result, FHA faces less competition for eligible mortgages between \$625,500 and \$729,750, the "jumbo" mortgages. FHA increased insurance premiums in part to encourage the return of private financing to the mortgage markets. To further this objective and provide balance against FHA's advantage in jumbos, FHA increased the annual premiums for jumbos by 0.25 percentage points in 2012.

In 2010, FHA implemented new loan-to-value (LTV) and credit score requirements. FHA's minimum credit score was raised to 580 for borrowers making low down-payments of less than 10 percent (loan-to-value ratios above 90 percent). Other borrowers, having the security of possessing a high amount of home equity relative to low down-payment borrowers, are eligible for FHA assistance with a credit score as low as 500. FHA also is reducing allowable seller concessions from 6 percent to 3 percent or \$6,000, whichever is higher. This conforms closer to industry standards and reduces potential house price over-valuation.

In addition to the single-family mortgage insurance provided through the MMI program, FHA's General Insurance and Special Risk Insurance (GISRI) loan guarantee programs facilitate the construction, rehabilitation, or refinancing of tens of thousands of apartments and hospital beds in multifamily housing and healthcare facilities each year. Annual loan volumes in these programs have exploded over the last several years, from less than \$5 billion in

2008 to more than \$22 billion in 2012 as private market alternatives to FHA financing have largely disappeared. Despite modest premium increases implemented for many programs on October 1, 2012, GISRI loan volumes are expected to remain elevated through 2014 with low interest rates contributing to a continued wave of refinancing activity. When existing FHA properties lower their debt service burden by refinancing at a lower interest rate, credit risk to FHA is reduced and the financial viability of multifamily housing properties is increased.

### VA Housing Program

The Department of Veterans Affairs (VA) assists veterans, members of the Selected Reserve, and active duty personnel in purchasing homes as recognition of their service to the Nation. The housing program substitutes the Federal guarantee for the borrower's down payment, making the lending terms more favorable than loans without a VA guarantee. VA provided 143,110 zero down payment loans in 2012. The number of loans VA guaranteed remained at a high level in 2012, as the tightened credit markets continued to make the VA housing program more attractive to eligible homebuyers. Additionally, the continued historically low interest rate environment of 2012 allowed 188,999 Veteran borrowers to lower the interest rate on their home mortgages through refinancing. VA provided \$120 billion in guarantees to assist 542,036 borrowers in 2012, compared with \$72 billion and 343,556 borrowers in 2011.

VA, in cooperation with VA-guaranteed loan servicers, also assists borrowers through home retention options and alternatives to foreclosure. VA intervenes when needed to help veterans and service members avoid foreclosure through the acquired loan program, loan modifications, and assistance to complete a short sale or deed-in-lieu of foreclosure. These joint efforts helped resolve over 80 percent of defaulted VA-guaranteed loans in 2012.

### Rural Housing Service

The Rural Housing Service (RHS) at the U.S. Department of Agriculture (USDA) offers direct and guaranteed loans to help very-low to moderate income rural residents buy and maintain adequate, affordable housing. RHS housing loans and loan guarantees differ from other Federal housing loan programs in that they are means-tested, making them more accessible to low-income, rural residents.

The 2014 Budget continues to reflect a re-focusing of USDA single family housing assistance programs to improve effectiveness by providing single family housing assistance primarily through loan guarantees. Within its \$24 billion loan level, the Budget expects to provide at least \$5.7 billion in loans for low income rural borrowers, which will provide 50,000 new homeownership opportunities to that income group. Overall, the program could potentially provide 171,000 new homeownership opportunities to low to moderate income rural residents in 2014.

For the single family housing guarantees, the Budget continues to include an annual and an up-front fee structure. This fee structure serves to reduce the overall subsidy cost of the loans without adding significant burden to

the borrowers. The Budget also proposes to make USDA's guaranteed home loan program a direct endorsement program, which is consistent with VA and HUD's guaranteed home loan programs. This change will make RHS more efficient and allow the single family housing staff to refocus on other unmet needs. For USDA's single family housing direct loan program, the Budget provides a reduced loan level of \$360 million for 2014. This decision reflects that with a \$24 billion loan level for the single family housing guarantees and interest rates at their lowest levels in decades, demand for the direct loans should be waning, and hence the focus should be on the guarantee program.

For USDA's multifamily housing portfolio, the Budget focuses primarily on portfolio management. The Budget fully funds this rehabilitation effort by providing \$26.7 million for the multifamily housing revitalization activities, which include loan modifications, grants, zero percent loans, and soft second loans as well as some funding for traditional multifamily housing direct loans to allow USDA to better address its inventory property. These activities allow borrowers to restructure their debt so that they can effectively rehabilitate properties within the portfolio in order for them to continue to supply decent, safe, affordable housing to the low and very-low income population in rural America. In addition, rental assistance grants, which are vital to the proper underwriting of the multifamily housing direct loan portfolio, are funded at \$1.015 billion, which is sufficient to renew outstanding contracts. The Budget also provides \$150 million in guaranteed multifamily housing loans and \$14 million in budget authority for the Farm Labor Housing grants and loans program. The combined 2014 Budget request in the rural development multifamily housing portfolio reflects the Administration's support for the poorest rural tenant population base.

### **Government-Sponsored Enterprises in the Housing Market**

The Federal National Mortgage Association, or Fannie Mae, created in 1938, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, created in 1970, were established to support the stability and liquidity of a secondary market for residential mortgage loans. Fannie Mae's and Freddie Mac's public missions were later broadened to promote affordable housing.

Growing stress and losses in the mortgage markets in 2007 and 2008 seriously eroded the capital of Fannie Mae and Freddie Mac, and responsive legislation enacted in July 2008 strengthened GSE regulation and provided the Treasury Department with authorities to bolster the GSEs' financial condition. In September 2008, reacting to growing GSE losses and uncertainty that threatened to paralyze the mortgage markets, the GSEs' independent regulator, the Federal Housing Finance Agency, put Fannie Mae and Freddie Mac under Federal conservatorship, and Treasury began to exercise its authorities to provide assistance to stabilize the GSEs. The Budget continues to reflect the GSEs as non-budgetary entities in keeping with their temporary status in conservatorship. However, all of the current Federal assistance being pro-

vided to Fannie Mae and Freddie Mac, including capital provided by Treasury through the Senior Preferred Stock Purchase Agreements (PSPA), is shown on-budget, and discussed below.

The Federal Home Loan Bank (FHLB) System, created in 1932, is comprised of twelve individual banks with shared liabilities. Together they lend money to financial institutions—mainly banks and thrifts—that are involved in mortgage financing to varying degrees, and they also finance some mortgages using their own funds. Recent financial market conditions have led to strong net interest income for the FHLBs, but several banks have experienced significant losses on their investments in private-label mortgage-backed securities. These securities constitute 2 percent of their total portfolio. Strict collateral requirements, superior lien priority, and joint debt issuances backed by the entire system have helped the FHLBs remain solvent, and stronger regulatory oversight has led to growth in FHLB system-wide capital from just above the regulatory ratio of 4 percent in 2008 to almost 7 percent in 2012.

Together these three GSEs currently are involved, in one form or another, with approximately half of the \$11 trillion residential mortgages outstanding in the U.S. today. Their share of outstanding residential mortgage debt peaked at 55 percent in 2003. Subsequently, originations of subprime and non-traditional mortgages led to a surge of private-label Mortgage-Backed Securities (MBS), reducing the three GSEs' market share to a low of 47 percent in 2006. Recent disruptions in the financial market, however, have led to a resurgence of their market share. The combined market share of the three GSEs was nearly 53 percent as of September 30, 2012.

### **Mission**

The mission of the housing GSEs is to support certain aspects of the U.S. mortgage market. Fannie Mae and Freddie Mac's mission is to provide liquidity and stability to the secondary mortgage market and to promote affordable housing. Currently, they engage in two major lines of business.

1. **Credit Guarantee Business**—Fannie Mae and Freddie Mac guarantee the timely payment of principal and interest on mortgage-backed securities (MBS). They create MBS by pooling mortgages acquired through either purchase from or swap arrangements with mortgage originators. Over time these MBS held by the public have averaged about one-quarter of the U.S. mortgage market, and as of November 30, 2012, they totaled \$3.9 trillion.
2. **Mortgage Investment Business**—Fannie Mae and Freddie Mac manage retained mortgage portfolios composed of their own MBS, MBS issued by others, and individual mortgages. The GSEs finance the purchase of these portfolio assets through debt issued in the credit markets. As of November 30, 2012, these retained mortgages, financed largely by GSE debt, totaled \$1.2 trillion. As a term of their PSPA

contracts with Treasury, the combined investment portfolios of Fannie Mae and Freddie Mac were limited to no more than \$1.8 trillion as of December 31, 2009, and this limitation was set to decline by 10 percent each year. To accelerate the return of private capital to the mortgage markets and the wind-down of the GSEs, Treasury revised the PSPA terms on August 17th, 2012, setting the effective limitation at \$1.3 trillion as of December 31, 2012, and accelerating the reduction in this limitation to 15 percent each year until December 31, 2018, when the combined limitation will be fixed at \$500 billion (\$250 billion for each company).

As of November 30, 2012, the combined debt and guaranteed MBS of Fannie Mae and Freddie Mac totaled \$5.1 trillion.

The mission of the FHLB System is broadly defined as promoting housing finance, and the System also has specific requirements to support affordable housing. Its principal business remains lending (secured by mortgages and financed by System debt issuances) to regulated depository institutions and insurance companies engaged in residential mortgage finance. Historically, investors in GSE debt have included thousands of banks, institutional investors such as insurance companies, pension funds, foreign governments and millions of individuals through mutual funds and 401k investments.

### ***Regulatory Reform***

The 2008 Housing and Economic Recovery Act (HERA) reformed and strengthened the GSEs' safety and soundness regulator by creating the Federal Housing Finance Agency (FHFA), a new independent regulator for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The FHFA authorities consolidate and expand upon the regulatory and supervisory roles of what were previously three distinct regulatory bodies: the Federal Housing Finance Board as the FHLB's overseer; the Office of Federal Housing Enterprise Oversight as the safety and soundness regulator of the other GSEs; and HUD as their public mission overseer. FHFA was given substantial authority and discretion to influence the size and composition of Fannie Mae and Freddie Mac investment portfolios through the establishment of housing goals, through monitoring GSE compliance with those goals, and through capital requirements.

FHFA is required to issue housing goals for each of the regulated enterprises, including the FHLBs, with respect to single family and multi-family mortgages and has the authority to require a corrective "housing plan" if an enterprise does not meet its goals and statutory reporting requirements, and in some instances impose civil money penalties. In August of 2009, FHFA promulgated a final rule adjusting the overall 2009 housing goals downward based on a finding that current market conditions had reduced the share of loans that qualify under the goals. However, HERA mandated dramatic revisions to the housing goals, which were implemented the following year. The revised goals for 2010 and 2011, provided for

a retrospective and market-based analysis of the GSEs' contributions toward the goals by expressing the goals as a share of the GSEs' total portfolio purchase activity. The revised goals for Fannie Mae and Freddie Mac comprise four single-family goals and one multifamily special affordability goal. FHFA has determined that Fannie Mae narrowly missed two of the single-family purchase goals for 2011 and that Freddie Mac missed all three purchase goals. FHFA has instructed Freddie Mac to review the reasons its goal qualifying share of single-family purchases are lower than the industry benchmarks, but FHFA is not requiring corrective housing plans from either enterprise due to their conservatorship. Fannie Mae and Freddie Mac both met the low-income refinance and multifamily goals for 2011. The housing goals for 2012 through 2014, promulgated on November 13, 2012, establish revised benchmarks but maintain the structural changes implemented for 2010 and 2011.

The expanded authorities of FHFA also include the ability to place any of the regulated enterprises into conservatorship or receivership based on a finding of undercapitalization or a number of other factors.

### ***Conservatorship***

On September 6, 2008, FHFA placed Fannie Mae and Freddie Mac into conservatorship. This action was taken in response to the GSEs' declining capital adequacy and to support the safety and soundness of the GSEs and their role in the secondary mortgage market. HERA provides that as conservator FHFA may take any action that is necessary to return Fannie Mae and Freddie Mac to a sound and solvent condition and to preserve and conserve the assets of each firm. As conservator, FHFA has assumed the powers of the Board and shareholders at Fannie Mae and Freddie Mac. FHFA has appointed new Directors and CEOs that are responsible for the day-to-day operations of the two firms. While in conservatorship, FHFA expects Fannie Mae and Freddie Mac to continue to fulfill their core statutory purposes, including their support for affordable housing discussed above.

### ***Department of Treasury GSE Support Programs under HERA***

On September 7, 2008, the U.S. Treasury launched three programs to provide temporary financial support to the GSEs under the temporary authority provided in HERA. These authorities expired on December 31, 2009.

#### ***1. PSPAs with Fannie Mae and Freddie Mac***

Treasury entered into agreements with Fannie Mae and Freddie Mac to make investments in senior preferred stock in each GSE in order to ensure that each company maintains a positive net worth. In exchange for the substantial funding commitment, the Treasury received \$1 billion in preferred stock for each GSE and warrants to purchase up to a 79.9 percent share of common stock at a nominal price. The initial agreements were for up to \$100 billion in each of these GSEs. On February 18, 2009, Treasury announced that the funding commitments for these

agreements would be increased to \$200 billion each. On December 24, 2009, Treasury announced that the funding commitments in the purchase agreements would be modified to the greater of \$200 billion or \$200 billion plus cumulative net worth deficits experienced during 2010-2012, less any surplus remaining as of December 31, 2012. In total, as of December 31, 2012, \$187.5 billion has been invested in the GSEs, and the redemption face value of GSE preferred stock held by Treasury has increased accordingly. The agreements also require that Fannie Mae and Freddie Mac pay quarterly dividends to Treasury. Prior to calendar year 2013, the quarterly dividend amount was based on an annual rate of 10 percent of the redemption value of Treasury's senior preferred stock. Amendments to the PSPAs effected on August 17<sup>th</sup>, 2012, replace the 10 percent dividend with an amount equivalent to the GSE's positive net worth above a capital reserve amount. The capital reserve amount for each company is initially set at \$3.0 billion for calendar year 2013, and declines by \$600 million at the beginning of each calendar year thereafter until it reaches zero. \$55.2 billion in dividends have been paid as of December 31, 2012. The Budget estimates additional net dividend receipts of \$183.3 billion from January 1, 2013 through FY2023. The cumulative budgetary impact of the PSPA agreements from the first PSPA purchase through FY2023 is estimated to be savings of \$51 billion. The Temporary Payroll Tax Cut Continuation Act of 2011 signed into law on December 23, 2011, required that the GSEs increase their fees by an average of at least 0.10 percentage points above the average guarantee fee imposed in 2011. Revenues generated by this fee increase are remitted directly to the Treasury for deficit reduction and are not included in the PSPA amounts. The Budget estimates resulting deficit reductions from this fee of \$21 billion from FY2012 through FY2023.

## **2. GSE MBS Purchase Programs**

Treasury initiated a temporary program during the financial crisis to purchase MBS issued by Fannie Mae and Freddie Mac, which carry the GSEs' standard guarantee against default. The purpose of the program was to promote liquidity in the mortgage market and, thereby, affordable homeownership by stabilizing the interest rate spreads between mortgage rates and corresponding rates on Treasury securities. Treasury purchased \$226 billion in MBS from September 2008 to December 31, 2009, when the statutory authority for this program expired. In March of 2011, Treasury announced that it would begin selling off up to \$10 billion of its MBS holdings per month, subject to market conditions. Treasury sold the last of its MBS holdings in March 2012. The closing re-estimate included in the Budget indicates that the MBS purchase program generated \$11.9 billion in budgetary savings, calculated on a net present value basis as required by the Federal Credit Reform Act.

## **3. GSE Credit Facility**

Treasury promulgated the terms of a temporary secured credit facility available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The facility was intended to serve as an ultimate liquidity backstop to the GSEs if necessary. No loans were needed or issued through December 31, 2009, when Treasury's HERA purchase authority expired.

## **4. State Housing Finance Agency Programs**

In December 2009, Treasury initiated two additional purchase programs under HERA authority to support state and local Housing Financing Agencies (HFAs). Under the New Issue Bond Program (NIBP) Treasury purchased \$15.3 billion in securities of Fannie Mae and Freddie Mac to be comprised of new HFA housing issuances. The Temporary Credit and Liquidity Program (TCLP) provides HFAs with credit and liquidity facilities supporting up to \$8.2 billion in existing HFA bonds. Treasury's statutory authority to enter new obligations for these programs expired on December 31, 2009. Due to uncertainties and strain throughout the housing sector and the widening of spreads in the tax-exempt market, HFAs experienced challenges in issuing new bonds to fund new mortgage lending and faced difficulties in renewing required liquidity facilities on non-punitive terms. In response, Treasury has provided extensions to the NIBP and TCLP agreements. In November 2011, Treasury extended the contractual deadline for HFAs to use existing NIBP funds to December 31, 2012. By that date, State and local HFAs had used \$13.2 billion to finance single and multi-family mortgages, and the remainder had been returned to Treasury. In late 2012, Treasury granted three-year extensions to the TCLP agreements for six HFAs in order to give these HFAs additional time to reduce their TCLP balances. The revised agreements will expire by December 2015. As of December 31, 2012, the remaining balance of TCLP backed bonds had decreased to \$3.3 billion.

## **Recent GSE Role in Administration Initiatives to Relieve the Foreclosure Crisis**

While under conservatorship, Fannie Mae and Freddie Mac have continued to play a leading role in Government and market initiatives to prevent homeowners who can no longer afford to make their mortgage payments from losing their homes. In March 2009, the Administration announced its Making Home Affordable (MHA) program, which includes the Home Affordable Modification Program (HAMP), and the Home Affordable Refinance Program (HARP).

Fannie Mae and Freddie Mac are participating in HAMP both for mortgages they own or guarantee and as the Treasury Department's contractual financial agents. Under HAMP, investors, lenders, servicers, and borrowers receive incentive payments to reduce eligible homeowners' monthly payments to affordable levels. The incentive payments for the modification of loans not held by the GSEs are paid by Treasury's TARP fund, while the incen-

tive payments for the modification of loans held by the GSEs are paid by the GSEs. As of November 30, 2012, almost 2 million trial modifications have been initiated, resulting in more than 1.1 million permanent mortgage modifications. Homeowners participating in HAMP programs have collectively experienced a 38 percent median reduction in their mortgage payments. Additionally, the MHA program has encouraged the mortgage industry to adopt similar programs that have helped millions more at no cost to the taxpayer.

Fannie Mae and Freddie Mac are also integral to HARP. Under the program, borrowers with a mortgage that is owned by Fannie Mae or Freddie Mac may be eligible to refinance their mortgage to take advantage of the current low interest rate environment regardless of their current loan-to-value (LTV) ratio. Prior to HARP, the LTV limit of 80 percent for conforming purchase mortgages without a credit enhancement such as private mortgage insurance also applied to refinancing of mortgages owned by the GSEs. Borrowers whose home values had dropped such that their LTVs had increased above 80 percent could not take advantage of the refinance opportunity. On October 24, 2011, FHFA announced that the HARP program would be extended through 2013 and enhanced by lowering the fees charged by Fannie Mae and Freddie Mac, streamlining the application process, and removing the previous LTV cap of 125 percent. These changes coupled with record low mortgage interest rates have contributed to an increase in HARP loan volumes; almost 800,000 HARP refinancings were completed from January through October of 2012 alone and more than 1.8 million refinancings have been completed since the program's inception.

The Administration has also worked with FHFA to develop a pilot program designed to convert foreclosed homes into rental properties. These real estate owned (REO) to rental property conversion programs will both increase rental housing opportunities and support home prices by reducing the supply of foreclosed homes on the market. Fannie Mae closed on three bulk sales under this initiative in September and November of 2012 comprising more than 1,700 properties.

### ***Future of the GSEs***

In February 2011 the Administration transmitted a white paper to Congress that outlined a commitment to wind down the GSEs, facilitate the return of private capital to the housing market, and work with Congress to reform the larger housing finance system. The paper outlined three broad options for a future system of housing finance ranging from a mostly private mortgage market, with the Government role limited to FHA and other existing programs, to a system with explicit Government guarantees for the majority of the secondary mortgage market. In addition to reforming the housing finance system, the white paper stated continued support for a dedicated budget-neutral mechanism to fund affordable housing programs, similar to the Housing Trust Fund enacted in the Housing and Economic Recovery Act of 2008, which would have been funded by assessments on the GSEs but has not been capitalized due to their conservatorship. The

white paper also identified mechanisms to wind down the GSEs, including reducing the conforming loan limits, shrinking the GSE investment portfolios, and increasing pricing for GSE guarantees.

While the Administration and Congress continue to evaluate long-term housing finance reform, meaningful steps have already been taken to reduce the role of the GSEs. Temporary GSE conforming loan limits of up to \$729,750 expired on September 30, 2011, and the allowable investment portfolios of Fannie Mae and Freddie Mac will continue to be reduced by 15 percent each year, according to the terms of Treasury's PSPA agreements with the enterprises as amended in August 2012. Increases in the guarantee fees charged by Fannie Mae and Freddie Mac are also enhancing the price-competitiveness of non-GSE mortgages.

### **Education Credit Programs**

Historically, the Department of Education (ED) helped finance student loans through two major programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Student Loan (Direct Loan) program. In March 2010, President Obama signed the Student Aid and Fiscal Responsibility Act (SAFRA) into law which ended the FFEL program and used the \$67 billion in savings estimated by CBO to increase Pell Grants, provide more beneficial student loan repayment terms, and create a new program supporting community colleges and job training run by the Department of Labor. On July 1, 2010, ED became the sole originator of Federal student loans through the Direct Loan program, and despite significant technical challenges, ED made all loans on time and without disruption.

The Direct Loan program was authorized by the Student Loan Reform Act of 1993. Under the Direct Loan program, the Federal Government provides loan capital directly to over 5,500 domestic and foreign schools, which then disburse loan funds to students. Loans are available to students regardless of income. However, borrowers with low and moderate family incomes are eligible for loans with more generous terms. For those loans, the Federal Government provides a variety of subsidies, including not charging interest while undergraduate borrowers are in school, and during certain deferment periods.

The program offers a variety of flexible repayment plans including income-based repayment, under which annual repayment amounts vary based on the income of the borrower and payments can be made over 25 years with any residual balances forgiven. In October 2011, the Administration announced an initiative to accelerate these benefits for current and future college students who have student loans. Under the plan, eligible borrowers are allowed to pay no more than 10 percent of their discretionary incomes for their monthly student loan payments and would forgive remaining balances after 20 years. This plan became available to certain eligible borrowers starting in December 2012 and will become available to all new borrowers starting in 2014.

As part of the Administration's broader focus on educating a globally competitive workforce while also putting the Nation on a sustainable fiscal path, the 2014 President's Budget makes several proposals on Federal student loans:

- *Making Student Loan Interest Rates More Market-Based.* Under current law, interest rates on subsidized Stafford loans are slated to rise this summer from 3.4 percent to 6.8 percent. At a time when the economy is still recovering and market interest rates remain low, the Budget proposes a cost-neutral reform to set interest rates, so they more closely follow market rates and provide students with more affordable repayment options. The rate on new loans would be set each year based on a market interest rate, which would remain fixed for the life of the loan so that borrowers would have certainty about the rates they would pay. The Budget also expands repayment options to ensure that borrowers do not have to pay more than 10 percent of their discretionary income on loan payments.
- *Reform and Expand the Perkins Loan Program.* This proposal, similar to the 2013 Budget proposal, would create an expanded, modernized Perkins Loan program providing \$8.5 billion in new loan volume annually. Instead of being serviced by the colleges, loans would be serviced by ED along with other Federal loans. The savings from this proposal would be re-appropriated to the Pell Grant program.
- *Reducing payments to guaranty agencies in the FFEL program.* This proposal would eliminate certain payments to guaranty agencies that "rehabilitate" defaulted student loans, and bring the fees they earn in line with those associated with other debt collection measures. The guaranty agencies would bear the cost of this reform; affected borrowers would actually experience a modest reduction in the debt they owe under this policy. The savings from this proposal would be re-appropriated to the Pell Grant program.
- *Eliminate the TEACH program.* The 2014 Budget again proposes to eliminate this program and replace it with a new Presidential Teaching Fellows program.

### **Small Business and Farm Credit Programs and GSEs**

The Government offers direct loans and loan guarantees to small businesses and farmers, who may have difficulty obtaining credit elsewhere. It also provides guarantees of debt issued by certain investment funds that invest in small businesses. Two GSEs, the Farm Credit System and the Federal Agricultural Mortgage Corporation, increase liquidity in the agricultural lending market.

#### **Loans to Small Businesses**

The President has said small businesses are "the engine of job growth in America," and the 2014 Budget re-

flects the Administration's commitment to creating a climate where innovation and entrepreneurship can thrive. The Small Business Administration (SBA) helps entrepreneurs start, sustain, and grow small businesses. As a "gap lender," SBA works to supplement market lending and provide access to credit where private lenders are reluctant to do so without a Government guarantee. SBA also helps home- and business-owners, as well as renters, cover the uninsured costs of recovery from disasters through its direct loan program. At the end of 2012, SBA's outstanding balance of direct and guaranteed loans totaled approximately \$103 billion.

The 2014 Budget proposes \$112 million in business loan subsidy costs and \$152 million in administrative funds for SBA to support nearly \$24 billion in financing for small businesses through the 7(a) General Business Loan program and the 504 Certified Development Company (CDC) program. The 7(a) program will support \$17.5 billion in guaranteed loans that will help small businesses operate and expand. This amount includes an estimated \$15 billion in term loans and \$1.8 billion in revolving lines of credit; the latter are expected to support \$65 billion in total credit assistance through draws and repayments over the life of the guarantee. The 504 program will support \$6.3 billion in guaranteed loans for fixed-asset financing. In addition, SBA will supplement the capital of Small Business Investment Corporations (SBICs) with up to \$4 billion in long-term, guaranteed loans, representing a \$1 billion increase, to support SBIC financing assistance for venture capital investments in small businesses. In addition, the Budget supports SBA's disaster direct loan program at its 10-year average volume of \$1.1 billion in loans, and includes \$192 million to administer the program. Of this amount, \$159 million is provided through the Budget Control Act's disaster relief cap adjustment for costs related to Stafford Act (Presidentially-declared) disasters.

For the 2014 Budget, SBA recorded a net downward reestimate of \$805 million in the expected costs of its outstanding loan portfolio, which will decrease the 2013 budget deficit.

Due to improving economic conditions and refinements in program cost estimation, the 7(a) program is projected to have zero subsidy cost for 2014, a \$231 million decrease from 2013. As a result, SBA's fees charged to lenders and borrowers will decrease from recent levels, and the Budget proposes to eliminate lender fees on loans of less than \$150,000 in order to expand participation and financing availability. The 7(a) credit model will undergo continued review throughout 2014 to ensure that it accurately forecasts the 7(a) program's cost to taxpayers. The Budget provides \$107 million in subsidy budget authority for the 504 program to support \$6.3 billion in loan volume. Together with anticipated carryover balances, the Budget authorizes \$7.5 billion in 504 loan volume in 2014. In addition, the Budget proposes to reauthorize the 504 loan refinancing program, a zero subsidy program that helps small businesses lock-in low, long-term interest rates on commercial mortgage debts and frees up resources that small business owners can then re-invest in their business.

The Budget also requests \$5 million in subsidy budget authority for \$25 million in direct loans, and \$20 million

in technical assistance grant funds for the Microloan program. The Microloan program provides low-interest loan funds to non-profit intermediaries who in turn provide loans of up to \$50,000 to new entrepreneurs.

To help small businesses drive economic recovery and create jobs, the Small Business Jobs Act of 2010 created two new mandatory lending-related programs administered by the Department of the Treasury, in addition to other forms of support, such as tax cuts for entrepreneurs and small business owners.

Treasury's State Small Business Credit Initiative (SSBCI) is designed to support state programs that make new loans or investments to small businesses and small manufacturers. SSBCI offered states and territories (and in certain circumstances, municipalities) the opportunity to apply for Federal funds to finance their programs that partner with private lenders to extend new credit to small businesses to create jobs. These funds allow States to build on new or existing models for small business programs, including collateral support programs, Capital Access Programs (CAPs), loan guarantee programs, loan participation programs, and state venture capital programs. SSBCI expects that all approved programs will demonstrate a minimum overall leverage of \$10 in new private lending for every \$1 in Federal funding. Treasury is providing approximately \$1.5 billion for SSBCI, which is expected to spur up to \$15 billion in new lending to small businesses. As of January 1, 2013, SSBCI had approved funding for 47 states, 5 territories, 4 municipalities, and the District of Columbia for a total of over \$1.4 billion in obligations, of which \$585 million had already been disbursed. During 2012, Treasury provided technical assistance to states that focused on elements of good program design, operation, and marketing. SSBCI hosted two conferences during 2012 at the San Francisco and Chicago Federal Reserve Banks for state program managers to share their expertise in providing credit support to small businesses. During 2013 and 2014, Treasury plans to spend nearly \$2 million to provide intensive technical assistance to states in order to maximize participation in and effectiveness of the program and disseminate best practices.

The second Treasury program created by the Act was the Small Business Lending Fund (SBLF), a dedicated investment fund that encourages lending to small businesses by providing capital to qualified community banks and community development loan funds (CDLFs) with assets of less than \$10 billion. Because participating institutions leverage their capital, the SBLF helps increase lending to small businesses in an amount significantly greater than the total capital provided to participating banks. In addition to expanding the lending capacity of all participants, SBLF creates a strong incentive for banks to increase small business loans by tying the cost of SBLF funding to the growth of their portfolio of small business loans. The initial dividend rate on SBLF funding was capped at 5 percent. If a bank's small business lending increases by 10 percent or more, the rate will fall to as low as 1 percent. Banks that increase their lending by amounts less than 10 percent can benefit from rates set between 2 percent and 5 percent. For participants whose lending

does not increase in the first two years, however, the rate will increase to 7 percent. After 4.5 years, the rate on all outstanding SBLF funding will increase to 9 percent. The application period for the program closed in June 2011, with 332 institutions receiving slightly over \$4 billion in funding by the end of 2011. As of September 30, 2012, institutions participating in SBLF have increased their small business lending by \$7.4 billion over a \$36.5 billion baseline. The current reestimated subsidy rate and actual program volume of \$4.03 billion result in projected budget savings of approximately \$51 million, representing a decrease in the original projected subsidy cost of \$1.31 billion. As of publication of the 2014 Budget, SBLF is working on a survey to help assess program participants' small business lending policies, use of SBLF funding, and small business outreach activities. The survey was administered in 2012, and results are expected to be disseminated in 2013.

### Loans to Farmers

The Farm Service Agency (FSA) assists low-income family farmers in starting and maintaining viable farming operations. Emphasis is placed on aiding beginning and socially disadvantaged farmers. FSA offers operating loans and ownership loans, both of which may be either direct or guaranteed loans. Operating loans provide credit to farmers and ranchers for annual production expenses and purchases of livestock, machinery, and equipment, while farm ownership loans assist producers in acquiring and developing their farming or ranching operations. As a condition of eligibility for direct loans, borrowers must be unable to obtain private credit at reasonable rates and terms. As FSA is the "lender of last resort," default rates on FSA direct loans are generally higher than those on private-sector loans. FSA-guaranteed farm loans are made to more creditworthy borrowers who have access to private credit markets. Because the private loan originators must retain 10 percent of the risk, they exercise care in examining the repayment ability of borrowers. The subsidy rates for the direct programs fluctuate largely because of changes in the interest component of the subsidy rate.

The number of loans provided by these programs has varied over the past several years. In 2012, FSA provided loans and loan guarantees to just over 32,000 family farmers totaling \$4.2 billion. Direct and guaranteed loan programs provided assistance totaling \$1.75 billion to beginning farmers during 2012. Loans for socially disadvantaged farmers totaled \$543 million, of which \$269 million was in the farm ownership program and \$274 million in the farm operating program. The average size of farm ownership loans was consistent over the past two years, with new customers receiving the bulk of the direct loans. In contrast, the majority of assistance provided in the operating loan program is to existing FSA farm borrowers. Overall, demand for FSA loans—both direct and guaranteed—continues to be high. More conservative credit standards in the private sector continue to drive applicants from commercial credit to FSA direct programs. Also, record high land prices, market volatility and uncertainty are driving lenders to request guarantees in situations

where they may not have in the past. In the 2014 Budget, FSA proposes to make \$5.6 billion in direct and guaranteed loans through discretionary programs.

Lending to beginning farmers was strong during 2012. FSA provided direct or guaranteed loans to more than 16,000 beginning farmers. Loans provided under the Beginning Farmer Down Payment Loan Program represented over 37 percent of total direct ownership loans made during the year, recording a substantial increase over previous years. Fifty-four percent of direct operating loans were made to beginning farmers, an increase of 3% over 2011. Overall, as a percentage of funds available, lending to beginning farmers was 7 percentage points above the 2011 level. Lending to minority and women farmers was a significant portion of overall assistance provided, with \$543 million in loans and loan guarantees provided to more than 6,500 farmers. This represents an increase of 11 percent in the overall number of direct loans to minority borrowers. Outreach efforts by FSA field offices to promote and inform beginning and minority farmers about FSA funding have resulted in increased lending to these groups.

The 2014 Budget does not request budget authority for subsidized guaranteed farm operating loans or direct conservation loans. The Budget only requests funding for the guaranteed conservation loans. The overall loan level for conservation loans is unchanged from the 2013 level.

FSA continues to evaluate the farm loan programs in order to improve their effectiveness. FSA is releasing a new Microloan program to increase lending to small niche producers and minorities. This program dramatically reduces application procedures for small loans, and implements more flexible eligibility and experience requirements. FSA has also developed a nationwide continuing education program for its loan officers to ensure they remain experts in agricultural lending, and it is transitioning all information technology applications for direct loan servicing into a single, web-based application that will expand on existing capabilities to include all special servicing options. Its implementation will allow FSA to better service its delinquent and financially distressed borrowers.

### **The Farm Credit System (Banks and Associations)**

The Farm Credit System (FCS or System) is a Government-sponsored enterprise (GSE) composed of a nationwide network of borrower-owned cooperative lending institutions originally authorized by Congress in 1916. The FCS's mission continues to be providing sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, and farm-related businesses.

The financial condition of the System's banks and associations remains fundamentally sound. Between September 30, 2011, and September 30, 2012, the ratio of capital to assets increased from 15.8 percent to 16.1 percent. Capital consisted of \$35.2 billion in unrestricted capital and \$3.3 billion in restricted capital in the Farm Credit Insurance Fund, which is held by the Farm Credit System Insurance Corporation (FCSIC). For the first nine months of calendar year 2012, net income equaled \$3.16

billion, compared with \$2.99 billion for the same period of the previous year. The increase in net income resulted primarily from a decrease in provision for loan losses and an increase in net interest income.

Over the 12-month period ending September 30, 2012, nonperforming loans as a percentage of total loans outstanding decreased from 1.94 percent to 1.53 percent, primarily because of an improvement in the credit quality of loans to borrowers in certain agricultural sectors. System assets grew 5.2 percent over the past 12 months as growth in portfolios of agribusiness, energy, and rural utilities outpaced declines in some segments of the agricultural portfolio. The number of FCS institutions continued to decrease because of consolidation. As of September 30, 2012, the System consisted of four banks and 82 associations, compared with seven banks and 104 associations in September 2002. Of the 86 FCS banks and associations, 75 had one of the top two examination ratings (1 or 2 on a 1 to 5 scale), 10 FCS institutions had a rating of 3, and 1 FCS institution had a rating of 4.

Over the 12-month period ending September 30, 2012, the System's loans outstanding grew by \$14.8 billion, or 8.8 percent, while over the past five years they grew by \$49.1 billion, or 36.3 percent. As required by law, borrowers are also stockholder-owners of System banks and associations. As of September 30, 2012, the System had 492,632 stockholders. Loans to young, beginning, and small farmers and ranchers represented 10.5 percent, 13.5 percent, and 15.7 percent, respectively, of the total dollar volume of all new farm loans made in 2011. The dollar volume of new loans made to young farmers in 2011 rose 4.9 percent from that of 2010, while new lending volume fell 5.1 percent to beginning farmers and 10.4 percent to small farmers. Young, beginning, and small farmers are not mutually exclusive groups and, thus, cannot be added across categories. Maintaining special policies and programs for the extension of credit to young, beginning, and small farmers and ranchers is a legislative mandate for the System.

The System, while continuing to record strong earnings and capital growth, remains exposed to a variety of risks associated with its portfolio concentration in agriculture and rural America. While there have been improvements in certain stressed sectors of the rural economy, notably forestry, the run-up in grain prices that began in the summer of 2010, while benefiting crop producers, continues to negatively influence profit margins for livestock and ethanol producers. As financial markets have improved from the financial crisis, the System has maintained its capacity to issue longer-term debt at extremely low yields. The agricultural sector is also subject to future risks such as a farmland price decline, a rise in interest rates, volatile commodity prices, rising production costs, weather-related catastrophes, and long-term environmental risks related to climate change.

The FCSIC, an independent Government-controlled corporation, ensures the timely payment of principal and interest on FCS obligations on which the System banks are jointly and severally liable. On September 30, 2012, the assets in the Insurance Fund totaled \$3.3 billion. As of September 30, 2012, the Insurance Fund as a percentage

of adjusted insured debt was 1.96 percent. This was slightly below the statutory secure base amount of 2 percent. During the first nine months of calendar year 2012, outstanding insured System obligations grew by 4.3 percent.

### **Federal Agricultural Mortgage Corporation (Farmer Mac)**

Farmer Mac was established in 1988 as a federally chartered instrumentality of the United States and an institution of the FCS to facilitate a secondary market for farm real estate and rural housing loans. Farmer Mac is not liable for any debt or obligation of the other System institutions, and no other System institutions are liable for any debt or obligation of Farmer Mac. The Farm Credit System Reform Act of 1996 expanded Farmer Mac's role from a guarantor of securities backed by loan pools to a direct purchaser of mortgages, enabling it to form pools to securitize. In May 2008, the Food, Conservation and Energy Act of 2008 (2008 Farm Bill) expanded Farmer Mac's program authorities by allowing it to purchase and guarantee securities backed by rural utility loans made by cooperatives.

Farmer Mac continues to meet core capital and regulatory risk-based capital requirements. As of September 30, 2012, Farmer Mac's total outstanding program volume (loans purchased and guaranteed, AgVantage bonds purchased and guaranteed, and real estate owned) amounted to \$12.47 billion, which represents an increase of 5.3 percent from the level a year ago. Of total program activity, \$8.6 billion were on-balance-sheet loans and guaranteed securities, and \$3.9 billion were off-balance-sheet obligations. Total assets were \$12.5 billion, with non-program investments (including cash and cash equivalents) accounting for \$3.5 billion of those assets. Farmer Mac's net income for the first three quarters of calendar year 2012 was \$34.3 million, a significant increase from the same period in 2011 during which Farmer Mac reported net income of \$0.5 million. Farmer Mac's earnings are often substantially influenced by unrealized fair-value gains and losses. For example, fair-value changes on financial derivatives resulted in an unrealized loss of \$23.3 million for the first three quarters of 2012, compared with \$82.4 million for the same period in 2011 (both pre-tax). Although unrealized fair-value changes experienced on financial derivatives temporarily impact earnings and capital, those changes are not expected to have any permanent effect if the financial derivatives are held to maturity, as is expected.

### **Energy and Infrastructure Credit Programs**

This Administration is committed to constructing a new foundation for economic growth and job creation, and clean energy is a critical component of that. The general public, as well as individual consumers and owners, benefits from clean energy and well-developed infrastructure. Thus, the Federal Government promotes clean energy and infrastructure development through various credit programs.

### **Credit Programs to Promote Clean and Efficient Energy**

The Department of Energy (DOE) administers two credit programs that serve to reduce emissions and enhance energy efficiency: a loan guarantee program to support innovative energy technologies and a direct loan program to support advanced automotive technologies.

The DOE's Title 17 loan guarantee program is authorized to issue loan guarantees for projects that employ innovative technologies to reduce air pollutants or man-made greenhouse gases. The program was first provided \$4 billion in loan volume authority in 2007. The 2009 Consolidated Appropriations Act provided an additional \$47 billion in loan volume authority, allocated as follows: \$18.5 billion for nuclear power facilities, \$2 billion for "front-end" nuclear enrichment activities, \$6 billion for new or retrofitted coal-based power facilities equipped with carbon capture and sequestration (CCS) technologies, \$2 billion for advanced coal gasification, and \$18.5 billion for energy efficiency, renewable energy, and transmission and distribution projects. 2011 appropriations effectively reduced the available loan volume authority for energy efficiency, renewable energy, and transmission and distribution projects by \$17 billion and provided \$170 million in credit subsidy to support renewable energy or energy efficient end-use energy technologies. In 2012 and 2013, Congress provided no new loan authority or credit subsidy for DOE's Title 17 program. The President's 2014 Budget requests no new authority as the program will focus on deploying the remaining resources appropriated in prior years.

The American Reinvestment and Recovery Act of 2009 amended the program's authorizing statute to allow loan guarantees on a temporary basis for commercial or advanced renewable energy systems, electric power transmission systems, and leading edge biofuel projects. The Recovery Act initially provided \$6 billion in new budget authority for credit subsidy costs incurred for eligible loan guarantees. After funds were transferred to support the Department of Transportation's "Cash for Clunkers" program in 2009 and \$1.5 billion was rescinded to offset the Education Jobs and Medicaid Assistance Act in 2010, the program had \$2.5 billion available for credit subsidy. Early solicitations for the guarantee program attracted many projects requesting 100 percent guarantees of DOE-supported loans. Consistent with Federal credit policies, loans with 100 percent guarantees in this program are made through the Federal Financing Bank, and therefore do not involve private sector lenders. The program's "Financial Institutions Partnership Program" solicitation, however, invited private sector lenders to participate whereby DOE would provide guarantees for up to 80 percent of loan amounts financed by private sector financial institutions. This structure utilizes private sector expertise, expedites the lending/underwriting process, and leverages the program's funds by sharing project risks with the private sector, while increasing private sector experience with financing energy technologies. The program also added a new solicitation in 2010 specifically targeting projects in the United States that manufacture re-

newable energy systems or related components. While the authority for the temporary program to extend new loans expired September 30, 2011, DOE provided loan guarantees to 28 projects totaling over \$16 billion in guaranteed debt including: 12 solar generation, 4 solar manufacturing, 4 wind generation, 3 geothermal, 2 biofuels, and 3 transmission/energy storage projects. One biofuels and one energy storage project have since withdrawn prior to any disbursement of funds.

The DOE's direct loan program, the Advanced Technology Vehicle Manufacturing (ATVM) Direct Loan program, was created to support the development of advanced technology vehicles and associated components in the United States that would improve vehicle energy efficiency by at least 25 percent relative to a 2005 Corporate Average Fuel Economy standards baseline. In 2009, Congress appropriated \$7.5 billion in credit subsidy costs to support a maximum of \$25 billion in loans under ATVM. The program provides loans to automobile and automobile part manufacturers for the cost of re-equipping, expanding, or establishing manufacturing facilities in the United States, and for other costs associated with engineering integration.

### **Electric and Telecommunications Loans**

Rural Utilities Service (RUS) programs of the United States Department of Agriculture (USDA) provide loans for rural electrification, telecommunications, distance learning, telemedicine, and broadband, and also provide loans for distance learning and telemedicine (DLT).

The Budget includes \$4 billion in direct loans for electricity distribution, construction of renewable energy facilities, transmission, and carbon capture projects on facilities to replace fossil fuels. The Budget also provides \$690 million in direct telecommunications loans, \$63 million in broadband loans, \$10 million in broadband grants, and \$25 million in DLT grants.

### **USDA Rural Infrastructure and Business Development Programs**

USDA provides grants, loans, and loan guarantees to communities for constructing facilities such as healthcare clinics, police stations, and water systems. Direct loans are available at lower interest rates for the poorest communities. These programs have very low default rates. The cost associated with them is due primarily to subsidized interest rates that are below the prevailing Treasury rates.

The program level for the Water and Wastewater treatment facility loan and grant program in the 2014 President's Budget is \$1.55 billion. These funds are available to communities of 10,000 or fewer residents. The Community Facility Program is targeted to rural communities with fewer than 20,000 residents. For 2014, it will have a program level of \$1.5 billion in direct loans and \$17 million in grants.

USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, cooperatives, nonprofits, and farmers in creating new community infrastructure (i.e. educational networks or healthcare coops) and to diversify the rural economy and employment op-

portunities. In 2014, USDA proposes to provide \$782 million in loan guarantees and direct loans to entities that serve communities of 50,000 or less through the Business and Industry guaranteed loan program and the Rural Microentrepreneur Assistance program and communities of 25,000 or less through the Intermediary Relending program. These loans are structured to save or create jobs and stabilize fluctuating rural economies.

The Rural Business Service is also responsible for the Rural Energy for America program through which the Budget proposes \$90 million in funding to support \$238 million in loan guarantees and grants to promote energy efficiencies, renewable energy, and small business development in rural communities.

### **Transportation Infrastructure**

Federal credit programs, offered through the Department of Transportation (DOT), fund critical transportation infrastructure projects, often using innovative financing methods. The two predominant programs are the program authorized by the Transportation Infrastructure Finance and Innovation Act (TIFIA), and the Railroad Rehabilitation and Improvement Financing (RRIF) program.

Established by the Transportation Equity Act of the 21st century (TEA-21) in 1998, the TIFIA program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital to projects of national or regional significance. Through TIFIA, DOT provides Federal credit assistance to highway, transit, rail, and intermodal projects. The 31 projects that have received TIFIA credit assistance represent over \$42 billion of infrastructure investment in the United States. Government commitments in these partnerships constitute nearly \$10.5 billion in Federal assistance with a budgetary cost of approximately \$714 million.

TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues at a relatively low budgetary cost. Each dollar of subsidy provided for TIFIA can provide approximately \$10 in credit assistance, and leverage an additional \$20 to \$30 in non-Federal transportation infrastructure investment. In recent years, the demand for the TIFIA program has exceeded available resources, and the recent surface transportation reauthorization program dramatically increased program resources in an effort to help meet demand, providing \$750 million in 2013 and \$1 billion for the program in 2014. In 2014, the President's Budget requests \$1 billion in resources as provided in MAP-21 for the TIFIA program. At the requested level, TIFIA could provide approximately \$10 billion in credit support for up to \$30 billion in new infrastructure projects. This funding will accelerate critical transportation improvements and attract private investment by lowering financing costs and mitigating market imperfections.

DOT has also provided direct loans and loan guarantees to railroads since 1976 for facilities maintenance, rehabilitation, acquisitions, and refinancing. Federal as-

sistance was created to provide financial assistance to the financially-challenged portions of the rail industry. However, following railroad deregulation in 1980, the industry's financial condition began to improve, larger railroads were able to access private credit markets, and interest in Federal credit support began to decrease.

Also established by TEA-21 in 1998, the RRIF program provides loans with an interest rate equal to the Treasury rate for similar-term securities. TEA-21 also stipulates that non-Federal sources pay the subsidy cost of the loan, thereby allowing the program to operate without Federal subsidy appropriations. The RRIF program assists projects that improve rail safety, enhance the environment, promote economic development, or enhance the capacity of the national rail network. While refinancing existing debt is an eligible use of RRIF proceeds, capital investment projects that would not occur without a RRIF loan are prioritized.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) increased the amount of total RRIF assistance available from \$3.5 billion to \$35 billion, and the Rail Safety Improvement Act (RSIA) extended the maximum loan term from 25 to 35 years. Since enactment of TEA-21, over \$1.7 billion in direct loans have been made under the RRIF program. Due to the recent disruptions in the credit markets caused by the financial crisis, the RRIF program has seen renewed interest from the railroad industry—both traditional short-line railroads and commuter rail operators—as a means of project financing.

### **National Infrastructure Bank**

To direct Federal resources for infrastructure to projects that demonstrate the most merit and may be difficult to fund under the current patchwork of Federal programs, the President has called for the creation of an independent, non-partisan National Infrastructure Bank (NIB), led by infrastructure and financial experts. The NIB would offer broad eligibility and unbiased selection for transportation, water, and energy infrastructure projects. Projects would have a clear public benefit, meet rigorous economic, technical and environmental standards, and be backed by a dedicated revenue stream. Geographic, sector, and size considerations would also be taken into account. Interest rates on loans issued by the NIB would be indexed to United States Treasury rates, and the maturity could be extended up to 35 years, giving the NIB the ability to be a “patient” partner side-by-side with State, local, and private co-investors. To maximize leverage from Federal investments, the NIB would finance no more than 50 percent of the total costs of any project.

### **International Credit Programs**

Seven Federal agencies -- the Department of Agriculture (USDA), the Department of Defense, the Department of State, the Department of the Treasury, the Agency for International Development (USAID), the Export-Import Bank, and the Overseas Private Investment Corporation

(OPIC) -- provide direct loans, loan guarantees, and insurance to a variety of private and sovereign borrowers. These programs are intended to level the playing field for U.S. exporters, deliver robust support for U.S. goods and services, stabilize international financial markets, and promote sustainable development.

### **Leveling the Playing Field**

Federal export credit programs counter official financing that foreign governments around the world, largely in Europe and Japan but also increasingly in emerging markets such as China and Brazil, provide their exporters, usually through export credit agencies (ECAs). The U.S. Government has worked since the 1970's to constrain official credit support through a multilateral agreement in the Organization for Economic Cooperation and Development (OECD). In its current form, this agreement has virtually eliminated direct interest rate subsidies, significantly constrained tied-aid grants, and standardized the fees for corporate and sovereign lending across all OECD ECAs—bringing the all-in costs of OECD export credit financing broadly in line with market levels. In addition to ongoing OECD negotiations, US government efforts resulted in the 2012 creation of the International Working Group (IWG) on export credits. This group includes China and other non-OECD providers of export credits in discussions on a broader framework that would bring common practices to ECAs throughout the world.

The Export-Import Bank provides export credits, in the form of direct loans or loan guarantees, to U.S. exporters who meet basic eligibility criteria and who request the Bank's assistance. USDA's Export Credit Guarantee Programs (also known as GSM programs) similarly help to level the playing field. Like programs of other agricultural exporting nations, GSM programs guarantee payment from countries and entities that want to import U.S. agricultural products but cannot easily obtain credit.

### **Stabilizing International Financial Markets**

Consistent with U.S. obligations in the International Monetary Fund regarding global financial stability, the Exchange Stabilization Fund managed by the Department of the Treasury may provide loans or credits to a foreign entity or government of a foreign country. A loan or credit may not be made for more than six months in any 12-month period unless the President gives the Congress a written statement that unique or emergency circumstances require that the loan or credit be for more than six months.

### **Using Credit to Promote Sustainable Development**

Credit is an important tool in U.S. bilateral assistance to promote sustainable development. USAID's Development Credit Authority (DCA) allows USAID to use a variety of credit tools to support its development activities abroad. DCA provides non-sovereign loan guarantees in targeted cases where credit serves more effectively than traditional grant mechanisms to achieve sustainable development. DCA is intended to mobilize host country private capital to finance sus-

tainable development in line with USAID's strategic objectives. Through the use of partial loan guarantees and risk sharing with the private sector, DCA stimulates private-sector lending for financially viable development projects, thereby leveraging host-country capital and strengthening sub-national capital markets in the developing world.

OPIC mobilizes private capital to help solve critical challenges such as renewable energy and infrastructure development, and in doing so, advances U.S. foreign policy. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. These programs are intended to create more efficient financial markets, eventually encouraging the private sector to supplant OPIC finance in developing countries.

### **Ongoing Coordination**

International credit programs are coordinated through two groups to ensure consistency in policy design and credit implementation. The Trade Promotion Coordinating Committee (TPCC) works within the Administration to

develop a National Export Strategy to make the delivery of trade promotion support more effective and convenient for U.S. exporters.

The Interagency Country Risk Assessment System (ICRAS) standardizes the way in which most agencies that lack sufficient historical experience budget for the cost associated with the risk of international lending. The cost of lending by these agencies is governed by proprietary U.S. Government ratings, which correspond to a set of default estimates over a given maturity. The methodology establishes assumptions about default risks in international lending using averages of international sovereign bond market data. The strength of this method is its link to the market and an annual update that adjusts the default estimates to reflect the most recent risks observed in the market.

### **Promoting Economic Growth and Poverty Reduction through Debt Sustainability**

The Enhanced Heavily Indebted Poor Countries (HIPC) Initiative reduces the debt of some of the poorest countries with unsustainable debt burdens that are committed to economic reform and poverty reduction.

## **III. INSURANCE PROGRAMS**

### **Deposit Insurance**

Federal deposit insurance promotes stability in the U.S. financial system. Prior to the establishment of Federal deposit insurance, depository institution failures often caused depositors to lose confidence in the banking system and rush to withdraw deposits. Such sudden withdrawals caused serious disruption to the economy. In 1933, in the midst of the Great Depression, a system of Federal deposit insurance was established to protect depositors and to prevent bank failures from causing widespread disruption in financial markets.

Today, the Federal Deposit Insurance Corporation (FDIC) insures deposits in banks and savings associations (thrifts) using the resources available in its Deposit Insurance Fund (DIF). The National Credit Union Administration (NCUA) insures deposits (shares) in most credit unions (certain credit unions are privately insured) using the resources available in the National Credit Union Share Insurance Fund (SIF). As of September 30, 2012, the FDIC insured \$7.3 trillion of deposits at 7,181 commercial banks and thrifts, and the NCUA insured \$833.6 billion of shares at 6,888 credit unions.

Since its creation, the deposit insurance system has undergone a series of reforms. The Dodd-Frank Wall Street Reform and Consumer Protection (Wall Street Reform) Act, enacted July 21, 2010, allows the FDIC to more effectively and efficiently manage the DIF. The Act authorized the FDIC to set the minimum DIF reserve ratio (ratio of the deposit insurance fund balance to total estimated insured deposits) to 1.35 percent by 2020, up from 1.15 percent. In addition to raising the minimum reserve ratio, the Wall Street Reform Act also:

- Eliminated the FDIC's requirement to rebate premiums when the DIF reserve ratio is between 1.35 and 1.5 percent;
- Gave the FDIC discretion to suspend or limit rebates when the DIF reserve ratio is at least 1.5 percent, effectively removing the 1.5 percent cap on the DIF; and
- Required the FDIC to offset the effect on small insured depository institutions (defined as banks with assets less than \$10 billion) when setting assessments to raise the reserve ratio from 1.15 to 1.35 percent.

In implementing the Wall Street Reform Act, the FDIC issued a final rule setting a long-term (i.e., beyond 2020) reserve ratio target of 2 percent, a goal that FDIC considers necessary to maintain a positive fund balance during economic crises while permitting steady long-term assessment rates that provide transparency and predictability to the banking sector. This rule, coupled with other provisions of the Wall Street Reform Act, will significantly improve the FDIC's capacity to resolve bank failures and maintain financial stability during economic downturns.

The Wall Street Reform Act also permanently increased the insured deposit level to \$250,000 per account at banks or credit unions insured by the FDIC or NCUA.

### **Recent Performance of the Federal Deposit Insurance Funds**

After seven consecutive quarters of negative balances, the DIF balance became positive on June 30, 2011, standing at \$3.9 billion on an accrual basis, then doubling to \$7.8 billion on September 30, 2011. Over the next four

quarters, the DIF balance more than tripled, growing to \$25.2 billion on September 30, 2012. The growth in the DIF balance is a result of fewer bank failures and higher assessment revenue. The reserve ratio on September 30, 2012 was 0.35 percent.

As of September 30, 2012, the number of insured institutions on the FDIC's "problem list" (institutions with the highest risk ratings) totaled 694, which represented a decrease of nearly 18 percent from September 2011. Furthermore, the assets held by problem institutions decreased by more than 22 percent.

The SIF ended September 2012 with assets of \$11.9 billion. The NCUA's equity ratio was 1.31 percent on December 31, 2012. If the equity ratio increases above the normal operating level of 1.30 percent, a distribution is normally paid to member credit unions to reduce the equity ratio to the normal operating level. In March 2012, NCUA distributed \$279 million to the Temporary Corporate Credit Union Stabilization Fund (TCCUSF), which was created under the authority of the Helping Families Save Their Homes Act of 2009 (P.L. 111-22). Under this Act, SIF dividends must be paid to the TCCUSF when this fund has an outstanding loan from the U.S. Treasury, which totaled \$3.2 billion on September 30, 2012.

Losses in the credit union industry have continued their recent decline. The ratio of insured shares in "problem institutions" to total insured shares decreased to 2.9 percent in September 2012 from a high of 5.7 percent in December 2009. With improving health of credit unions, NCUA has been steadily reducing reserves held for losses. As of September 2012, the SIF had set aside \$399 million in reserves to cover potential losses, over 60 percent less than the \$1.0 billion set-aside as of September 2011. Due to the continuing decline in the insurance loss reserve, there were no GAAP-based losses in 2011 or 2012.

### **Stabilizing Corporate Credit Unions**

The NCUA also administers the Central Liquidity Facility (CLF), which serves as a back-up lender for credit unions when market sources of liquidity are unavailable. By statute, the CLF is authorized to borrow up to 12 times its subscribed capital stock and surplus. As of 2012, this would allow the CLF to borrow up to approximately \$46 billion. Throughout the economic crisis, liquidity advances into the corporate credit union system totaled \$19.5 billion, all of which was repaid by December 2010. The CLF did not borrow in 2012, due in part to the creation of the TCCUSF in 2009. The TCCUSF has access to \$6 billion in borrowing authority, which is reduced proportionally by any borrowings potentially made by the SIF. This borrowing authority serves as a resource available to the NCUA to support the corporate credit union system.

In 2012, TCCUSF had net borrowings of \$3.2 billion to support the Corporate System Resolution Program (CSRP), which was created in September 2010. The CSRP is a multi-stage plan for stabilizing the corporate credit union system, providing short-term and long-term funding to resolve a portfolio of residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities and corporate bonds (collectively

referred to as the Legacy Assets) held by the failed corporate credit unions, and establishing a new regulatory framework for corporate credit unions. Under the CSRP, NCUA created a re-securitization program to provide long-term funding for the Legacy Assets through the issuance of NCUA Guaranteed Notes (NGNs), which has re-securitized nearly \$30 billion in legacy assets to date. The NGNs require the long-term monitoring, managing, and reporting on very complex transactions for at least the next 10 years. Accordingly, NCUA is working on a long-term, stream-lined solution to oversee the daily requirements and activities in connection with the NGN Program.

The NCUA successfully stabilized the corporate credit union system, thereby ensuring that retail credit unions were able to rely on many of the services provided by corporate credit unions. The NCUA devised different approaches, such as providing emergency liquidity or spreading out the costs of losses over time, aimed at enabling the credit union industry to minimize losses and emerge from the crisis. The NCUA liquidated five corporate credit unions in 2009 and 2010 that had become insolvent due to investment losses in mortgage-backed securities. To facilitate the resolution process, the Board chartered four bridge corporate credit unions to purchase certain assets and assume certain liabilities and member shares from the liquidated credit unions. In October 2012, NCUA liquidated the last remaining bridge corporate credit union, U.S. Central Bridge Corporate Credit Union, after transferring its essential services. As a result of its liquidation, U.S. Central ended its role as the agent member to CLF and redeemed its CLF stock of \$1.8 billion. Although this was an outflow from CLF, it was previously funded by U.S. Central. Additionally, since all NCUA activities are funded through assessments on regulated credit unions, these costs will have no impact on US taxpayers. NCUA continues to seek compensation from the parties that created and sold the faulty mortgage-backed securities to the five failed corporate credit unions. In 2012, NCUA filed four more lawsuits against several Wall Street firms that underwrote these securities, alleging failure to disclose significant risks. As of December 31, 2012, NCUA had reached settlements with three firms totaling \$170 million. These settlements further the agency's goal of minimizing losses, and net proceeds will reduce the total assessments that all credit unions have to pay for the corporate credit union system's losses.

### **Restoration Plans**

Pursuant to the Wall Street Reform Act, the restoration period for the FDIC's DIF reserve ratio to reach 1.35 percent was extended to 2020 (prior to the Act, the DIF reserve ratio was required to reach the minimum target of 1.15 percent by the end of 2016). The Budget projects that net outflows in 2013 will reduce the DIF reserve ratio to 0.22 percent at the year-end. From 2014, however, it is expected to increase steadily, reaching the statutorily required level of 1.35 percent by 2020. In late 2009, the FDIC Board of Directors adopted a final rule requiring insured institutions to prepay quarterly risk-based

assessments for the fourth quarter of CY 2009 and for all of CY 2010, 2011, and 2012. The FDIC collected approximately \$45 billion in prepaid assessments. Unlike a special assessment, the prepaid assessments did not immediately affect bank earnings; it was booked as an asset and amortized each quarter by that quarter's assessment charge. This prepaid assessment, coupled with annual assessments on the banking industry, has provided the FDIC with ample operating cash flows to effectively and efficiently resolve bank failures during the short period in which the DIF balance was negative. Although the FDIC has authority to borrow up to \$100 billion from Treasury to maintain sufficient DIF balances, the Budget does not anticipate FDIC utilizing their borrowing authority because the DIF is projected to maintain positive operating cash flows over the entire 10-year budget horizon.

In 2010 and 2011, the NCUA Board approved assessments of \$727 million and \$930 million respectively on federally insured credit unions in order to maintain the target equity ratio of 1.30 percent. The Budget projects that NCUA will collect \$800 million in special assessments over the budget window.

### Budget Outlook

The Budget estimates DIF net outlays of -\$97.5 billion (i.e. net inflows into the fund) over the 10-year budget window. As a result of updated economic assumptions, technical changes to OMB's forecasting model, and modifications relating to the expiration of the Transaction Account

Guarantee program, the projected inflows through 2023 are lower than the 2013 Mid-Session Review (MSR) projection by approximately \$104.8 billion. The latest public data on the banking industry led to a downward revision to bank failure estimates, which are consistent with long-term, historical averages in terms of failed bank assets as a percentage of GDP. With the lower bank failure projection, the Budget projects much lower FDIC premiums necessary to reach the minimum Wall Street Reform Act DIF reserve ratio of 1.35 percent.

### Pension Guarantees

The Pension Benefit Guaranty Corporation (PBGC) insures the pension benefits of workers and retirees in covered defined-benefit pension plans. PBGC pays benefits, up to a guaranteed level, when a company's plan closes without enough assets to pay future benefits. PBGC's claims exposure is the amount by which qualified benefits exceed assets in insured plans. In the near term, the risk of loss stems from financially distressed firms with underfunded plans. In the longer term, loss exposure results from the possibility that healthy firms become distressed and well-funded plans become underfunded due to inadequate contributions, poor investment results, or increased liabilities.

PBGC monitors companies with underfunded plans and acts to protect the interests of the pension insurance program's stakeholders where possible. Under its Early Warning Program, PBGC works with companies to

**Table 22-1. TOP 10 FIRMS PRESENTING CLAIMS (1975-2012)**

Single-Employer Program

Firm	Fiscal Year(s) of Plan Termination(s)	Claims (by firm)	Percent of Total Claims (1975-2011)
1 United Airlines	2005	\$7,304,186,216	15.64%
2 Delphi	2009	6,387,327,984	13.68%
3 Bethlehem Steel	2003	3,702,771,655	7.93%
4 US Airways	2003, 2005	2,723,720,013	5.83%
5 LTV Steel*	2002, 2003, 2004	2,134,985,884	4.57%
6 Delta Air Lines	2006	1,720,156,504	3.68%
7 National Steel	2003	1,319,009,117	2.82%
8 Pan American Air	1991, 1992	841,082,434	1.80%
9 Trans World Airlines	2001	668,377,106	1.43%
10 Weirton Steel	2004	640,480,970	1.37%
Top 10 Total		\$27,442,097,883	58.77%
All Other Total		19,251,487,046	41.23%
TOTAL		\$46,693,584,930	100.00%

Sources: PBGC Fiscal Year Closing File (9/30/12), PBGC Case Management System, and PBGC Participant System (PRISM).

Due to rounding of individual items, numbers and percentages may not add up to totals.

Data in this table have been calculated on a firm basis and, except as noted, include all trustee plans of each firm.

Values and distributions are subject to change as PBGC completes its reviews and establishes termination dates.

\* Does not include 1986 termination of a Republic Steel plan sponsored by LTV.

strengthen plan funding or otherwise protect the insurance program from avoidable losses. However, PBGC's authority to prevent undue risks to the insurance program is limited. Most private insurers can diversify or reinsure their catastrophic risks as well as flexibly price these risks. Unlike private insurers, PBGC cannot deny insurance coverage or adjust premiums according to risk. Both types of PBGC premiums—the flat rate (a per person charge paid by all plans) and the variable rate (paid by underfunded single-employer plans) are set in statute. CBO and others have noted that the premium rates are far lower than what a private financial institution would charge for insuring the same risk.

Claims against PBGC's insurance programs are highly variable. A single large pension plan termination may result in a larger claim against PBGC than the termination of many smaller plans. Future results will continue to depend largely on the infrequent and unpredictable termination of a limited number of very large plans.

PBGC's single-employer program has incurred substantial losses from underfunded plan terminations. Table 22-1 shows the ten largest plan termination losses in PBGC's history. Nine of the ten happened since 2001.

As of September 30, 2012, the single-employer and multi-employer programs reported deficits of \$29.1 billion and \$5.2 billion, respectively. Notwithstanding these deficits, the Corporation has \$85 billion in assets and will be able to meet its obligations for a number of years. However, neither program has the resources to fully satisfy PBGC's obligations in the long run. PBGC estimates its long-term loss exposure to reasonably possible terminations (e.g., underfunded plans sponsored by companies with credit ratings below investment grade) at approximately \$320 billion. For FY 2012, exposure was concentrated in the following sectors: manufacturing (primarily automobile/auto parts and primary and fabricated metals), transportation (primarily airlines), services, and wholesale and retail trade.

The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21), signed on July 6, 2012, increased PBGC premiums for both single-employer and multiemployer plans. Flat-rate premiums for single-employer plans were increased to \$42 for 2013, \$49 for 2014, and will be indexed to inflation thereafter. Variable-rate premiums will also increase, and will also be indexed to inflation for the first time. Rates are expected to increase to \$13 or \$14 per \$1000 of underfunding for 2014 and to \$18 or \$19 for 2015. The variable-rate premium will be capped in filing year 2013 at \$400 times the number of plan participants. The cap will be indexed thereafter. Flat-rate premiums for multiemployer plans were increased to \$12 for 2013, and will be indexed thereafter.

While the legislation brings in much-needed resources to improve PBGC's financial condition, reforms are still needed to bring PBGC's premium structure more in line with other government and private insurance programs. The 2014 Budget proposes to give the PBGC Board the authority to adjust premiums to better account for the risk the agency is insuring and make the premium struc-

ture fair to all premium payers. The Board would be directed to raise an additional \$25 billion over ten years.

Consistent with previous Administration proposals, the Board would be required to consult with stakeholders prior to setting a new premium schedule and to establish a hardship waiver and other limitations on plan-specific premium increases. PBGC would be directed to try to make the premiums counter-cyclical and any increase would be phased in gradually. In determining the new premium rates, the Board would consider a number of factors, including a plan's risk of losses to PBGC and the amount of a plan's underfunding.

## Disaster Insurance

### Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency of the Department of Homeland Security (DHS). Flood insurance is available to homeowners and businesses in communities that have adopted and enforce appropriate floodplain management measures. Coverage is limited to buildings and their contents. By the end of 2012, the program had over 5.5 million policies in more than 22,100 communities with over \$1.2 trillion of insurance in force.

Prior to the creation of the program in 1968, many factors made it cost prohibitive for private insurance companies alone to make affordable flood insurance available. In response, the NFIP was established to make affordable insurance coverage widely available, to combine a program of insurance with flood mitigation measures to reduce the nation's risk of loss from flood, and to minimize Federal disaster-assistance expenditures. The NFIP requires building standards and other mitigation efforts to reduce losses, and operates a flood hazard mapping program to quantify geographic variation in the risk of flooding. These efforts have made substantial progress. However, structures built prior to flood mapping and NFIP floodplain management requirements, which make up 21.5 percent of the total policies in force, currently pay less than fully actuarial rates.

A major DHS goal is to have property owners be compensated for flood losses through flood insurance, rather than through taxpayer-funded disaster assistance. The agency's marketing strategy aims to increase the number of Americans insured against flood losses and improve retention of policies among existing customers. The strategy includes:

1. Providing financial incentives to the private insurers that sell and service flood policies for the Federal Government to expand the flood insurance business.
2. Conducting the national marketing and advertising campaign, FloodSmart, which uses TV, radio, print and online advertising, direct mailings, and public

relations activities to help overcome denial and resistance and increase demand.

3. Fostering lender compliance with flood insurance requirements through training, guidance materials, regular communication with lending regulators and the lending community.
4. Conducting NFIP training for insurance agents via instructor-led seminars, online training modules, and other vehicles.
5. Seek opportunities to simplify and clarify NFIP processes and products to make it easier for agents to sell and for consumers to buy.

While these strategies have resulted in steady policy growth over recent years, the growth slowed somewhat since 2009 due to the severe downturn in the economy. In 2012, the program lost 54,000 policies.

DHS also has a multi-pronged strategy for reducing future flood damage. The NFIP offers flood mitigation assistance grants to assist flood victims to rebuild to current building codes, including base flood elevations, thereby reducing future flood damage costs. In addition, flood mitigation assistance grants targeted toward repetitive and severe repetitive loss properties not only help owners of high-risk property, but also reduce the disproportionate drain on the National Flood Insurance Fund these properties cause, through acquisition, relocation, or elevation. DHS is working to ensure that the flood mitigation grant program is closely integrated, resulting in better coordination and communication with State and local governments. Further, through the Community Rating System, DHS adjusts premium rates to encourage community and State mitigation activities beyond those required by the NFIP. These efforts, in addition to the minimum NFIP requirements for floodplain management, save over \$1 billion annually in avoided flood damages.

Due to the catastrophic nature of flooding, with Hurricanes Katrina and Sandy as notable examples, insured flood damages far exceeded premium revenue in some years and depleted the program's reserve account, which is a cash fund. On those occasions, the NFIP exercises its borrowing authority through the Treasury to meet flood insurance claim obligations. While the program needed appropriations in the early 1980s to repay the funds borrowed during the 1970's, it was able to repay all borrowed funds with interest using only premium dollars between 1986 and 2004. In 2005, however, Hurricanes Katrina, Rita, and Wilma generated more flood insurance claims than the cumulative number of claims from 1968 to 2004. Hurricane Sandy in 2012 also generated significant flood insurance claims. As a result, the Administration and Congress have increased the borrowing authority to \$30.4 billion. The program's debt is currently \$20.1 billion.

The catastrophic nature of the 2005 hurricane season also triggered an examination of the program, and the Administration worked with Congress to improve

the program. On July 6, 2012, the Biggert Waters Flood Insurance Reform Act of 2012 was signed into law. In addition to reauthorizing the NFIP for 5 years, the bill also requires the NFIP generally to move to full risk-based premium rates and strengthens the NFIP financially and operationally.

### **Crop Insurance**

Subsidized Federal crop insurance administered by USDA's Risk Management Agency (RMA) assists farmers in managing yield and revenue shortfalls due to bad weather or other natural disasters. The program is a co-operative effort between the Federal Government and the private insurance industry. Private insurance companies sell and service crop insurance policies. These companies rely on reinsurance provided by the Federal Government and also by the commercial reinsurance market to manage their individual risk portfolio. The Federal Government reimburses private companies for a portion of the administrative expenses associated with providing crop insurance and reinsures the private companies for excess insurance losses on all policies. The Federal Government also subsidizes premiums for farmers.

The 2014 Budget continues to propose policies that are similar to those included in the 2013 Budget and recommended to the Joint Committee for Deficit Reduction:

1. Lower the cap for the crop insurance companies' return on investment to 12 percent,
2. Lower the cap on the companies' administrative expense reimbursement to \$0.9 billion, adjusted annually for inflation,
3. More accurately price the premium for catastrophic coverage,
4. Lower even further the subsidy for producer premiums by 3 percentage points for policies where the Government subsidizes more than 50 percent of the premium (previous proposals reduced these by only 2 percentage points), and
5. A new addition for the 2014 Budget, reduce premium subsidy by 2 percentage points for revenue coverage that provides protection for upward price movements at harvest time.

The most basic type of crop insurance is catastrophic coverage (CAT), which compensates the farmer for losses in excess of 50 percent of the individual's average yield at 55 percent of the expected market price. The CAT premium is entirely subsidized, and farmers pay only an administrative fee. Higher levels of coverage, called "buy-up", are also available. A premium is charged for buy-up coverage. The premium is determined by the level of coverage selected and varies from crop to crop and county to county.

For 2012, the 10 principal crops, (barley, corn, cotton, grain sorghum, peanuts, potatoes, rice, soybeans, tobacco, and wheat) accounted for over 86 percent of total liabil-

ity, and approximately 80 percent of the total U.S. planted acres of the 10 crops were covered by crop insurance. RMA offers both yield and revenue-based insurance products. Revenue insurance programs protect against loss of revenue stemming from low prices, poor yields, or a combination of the two. These programs extend traditional multi-peril or yield crop insurance by adding price variability to production history.

Pasture, Rangeland, and Forage Pilot Programs are based on vegetation greenness and rainfall indices to meet the needs of livestock producers who purchase insurance protection for losses of forage produced for grazing or harvested for hay. In 2012, there were 21,976 vegetation and rainfall policies sold, covering over 48 million acres of pasture, rangeland and forage. There was over \$784.9 million in liability, and through October 2012 nearly \$118 million in indemnities paid to livestock producers who purchased coverage.

RMA is continuously working to develop new products and to expand or improve existing products in order to cover more agricultural commodities. Under the 508(h) authorities and procedures RMA may advance payment of up to 50 percent of expected reasonable research and development costs for FCIC Board approved Concept Proposals prior to the complete submission of the policy or plan of insurance under 508(h) authorities. In 2012, two submissions were approved as section 508(h) products and are available to producers for the 2013 crop year.

For more information and additional crop insurance program details, please reference RMA's web site: ([www.rma.usda.gov](http://www.rma.usda.gov)).

### **Insurance against Security-Related Risks**

#### **Terrorism Risk Insurance**

The Terrorism Risk Insurance Program (TRIP) was authorized under P.L. 107-297 to help ensure the continued availability of property and casualty insurance following the terrorist attacks of September 11, 2001. TRIP's initial three-year authorization enabled the Federal Government to establish a system of shared public and private compensation for insured property and casualty losses arising from certified acts of foreign terrorism. In 2005, Congress passed a two-year extension (P.L. 109-144), which narrowed the Government's role by increasing the private sector's share of losses, reducing lines of

insurance covered by the program, and adding a threshold event amount triggering Federal payments.

In 2007, Congress enacted a further seven-year extension of TRIP and expanded the program to include losses from domestic as well as foreign acts of terrorism (P.L. 110-318). For all seven extension years, TRIP maintains a private insurer deductible of 20 percent of the prior year's direct earned premiums, an insurer co-payment of 15 percent of insured losses above the deductible, and a \$100 million minimum event cost triggering Federal coverage. The 2007 extension also requires Treasury to recoup 133 percent of any Federal payments made under the program, and accelerates deadlines for recoupment of any Federal payments made before September 30, 2017.

The Budget baseline includes the estimated Federal cost of providing terrorism risk insurance through the expiration of the program on December 31, 2014. Using market data synthesized through a proprietary model, the Budget projects annual outlays and recoupment for TRIP. While the Budget does not forecast any specific triggering events, the estimates for this account represent the weighted average of TRIP payments over a full range of possible scenarios, most of which include no notional terrorist attacks (and therefore no TRIP payments), and some of which include notional terrorist attacks of varying magnitudes. On this basis, the Budget projects net spending of \$443 million over the 2014-2018 period and \$526 million over the 2014-2023 period.

#### **Airline War Risk Insurance**

The Department of Transportation's authority to provide aviation war risk insurance expires on December 31, 2013. With the goal of building private capacity to manage aviation war risk, the Administration proposes to transform the program into a co-insurance arrangement in which DOT and a private insurer would jointly underwrite a common policy. In the case of a claim, DOT would pay an established fraction of the losses, and the private partner would pay the remainder. The Federal share would be slightly reduced each year as private capacity expands. The proposal would extend the existing program through 2014, during which time DOT would propose changes to its underlying statutory authority and work with the private insurance industry to develop co-insurance policies. The Budget proposes that a co-insurance arrangement would begin to reduce the government's share of any losses, starting in 2015.

## **IV. FAIR VALUE BUDGETING FOR CREDIT PROGRAMS**

Accurate cost and revenue estimates support a sound budget—one that shows the fiscal position of the Federal Government and allocates limited resources across competing needs. Cost estimation is challenging for Federal credit programs because loans and loan guarantees create obligations for uncertain cash flows that can extend far into the future.

The Federal Credit Reform Act of 1990 (FCRA) greatly improved the accuracy of cost estimates for credit programs by reflecting the estimated lifetime costs of loans

and loan guarantees up front on a net present value basis, requiring policy officials to budget for those lifetime costs when making programmatic decisions. Any change to FCRA should be consistent with the original goals of credit reform, to provide better information on the budgetary costs of credit programs and improve resource allocation by placing them on a comparable basis to other credit programs and other forms of Federal spending.

The Congressional Budget Office (CBO) and others have argued that credit programs impose costs on taxpayers

that are not reflected under FCRA, such as the risk that assets may perform worse than expected, and propose to amend FCRA to require that the budget use fair value estimates to capture these costs. While fair value analysis may offer some useful insights and help inform decision-making for specific programs, use of fair value for budgetary costs would have drawbacks that far exceed the advantages of fair value estimates. Fair value would impose significant implementation costs and challenges, and have more potential to introduce noise and distortion into credit estimates than valuable information. Fair value as proposed would include costs not relevant to the Federal government and would make it more difficult to compare the costs of credit programs to each other, or to other forms of Federal spending. It would make cost estimates for credit programs impossible to validate, and treat uncertainty in a more punitive fashion for credit programs than other programs. Under fair value cost estimates, the cost estimate and estimated impact on the deficit for the same program could be different from one another, raising concerns about consistency and transparency. Thus, current proposals to use fair value for budgetary costs estimates would not be consistent with the goals of FCRA.

### Estimating Costs under FCRA and Fair Value

*Costs under FCRA.* Before FCRA, the budget reflected the cash flows of loans and loan guarantees in the years that the cash flows occurred. The cost of new direct loans was greatly overstated—appropriations were required for the full face value of loans and did not consider expected repayment over time. In contrast, new loan guarantees appeared free, and there was no requirement to set aside a reserve to cover anticipated losses. FCRA greatly improved the accuracy of cost estimates by capturing the lifetime expected cash flows for loans and loan guarantees up front. Under FCRA, the subsidy cost is equal to the present value of the cash flows to and from the Government, netting out expected losses from default or other adverse events. The present value is estimated using the Government's cost of funds, as reflected in Treasury rates, to discount these cash flows.

*Costs under Fair Value.*<sup>1</sup> In contrast to FCRA where estimated cash flows are discounted by the Government's cost of funds (Treasury rates), under fair value cash flows would typically be discounted with interest rates that reflect estimated market pricing for the characteristics of the loan or loan guarantee (comparable market rates), instead of Treasury rates. Comparable market rates would need to be derived or estimated from available market data, and applied to cash flows. Discount rates would vary across programs, and in some cases by individual loan or guarantee. Because fair value estimates reflect market pricing of the uncertainty associated with loan performance and other factors not included in FCRA estimates, fair value costs would be higher in most cases.

### Accuracy of Budgetary Cost Estimates under Fair Value

*Accuracy and transparency in cost estimates.* The budget should focus primarily on the accuracy and transparency of costs to the Government. FCRA costs reflect estimated cash flows, including expected losses due to default and other adverse events. Actual experience may deviate from initial estimates; however, through the reestimates the subsidy costs are ultimately tied to actual cash flows and these reestimates help agencies learn from past experience to improve techniques for generating new estimates. As a measure of expected budgetary cost, FCRA estimates have been fairly accurate overall, although not always on a program-by-program basis. Net lifetime reestimates of subsidy cost for credit programs<sup>2</sup> over the 21 years that FCRA has been in place are \$8.5 billion upward—less than one percent of the face value of loans and guarantees made under FCRA. Indeed, CBO's rationale for fair value does not question the accuracy of FCRA cost estimates in measuring expected cost to the Government, but instead questions whether there are additional costs beyond those that would be captured under FCRA that should be reflected in the budget. Fair value cost estimates would include the same underlying credit risk assumptions as FCRA estimates, and add an additional premium above the expected costs.

Posing an additional challenge to the goals of transparency and accuracy, fair value cost estimates include unobservable factors—including the premium that a private actor would demand to compensate for uncertainty of future performance. In contrast to FCRA, one could not use actual cash flows of the credit programs to validate estimates of fair value. Except in the limited cases where a credit program intervened in a well-functioning liquid market with observable prices, estimates of fair value could only be compared to other estimates of fair value. Thus, confirming the accuracy of fair value estimates would be an insurmountable implementation challenge.

*Inclusion of costs not relevant to taxpayers.* Many of the factors reflected in fair value pricing are not relevant to taxpayers (versus market investors). As a result, fair value cost estimates overstate the cost to the Government. These estimates reflect a premium for uncertainty. However, the cost of uncertainty for the Federal government may be significantly lower than it would be for private sector lenders, particularly when dealing with assets that do not trade in well-functioning liquid markets that allow diversification among private investors.<sup>3</sup> The Government is able to spread risk across a large number of investments, and across a large set of stakeholders, including across generations, in ways that are not always possible for private investors.

<sup>2</sup> Excludes the Troubled Asset Relief Program and the International Monetary Fund increases provided in the 2009 Supplemental Appropriations Act, where reestimates reflect the return of a market risk adjustment premium. Also excludes reestimates from the Small Business Lending Fund, an equity program presented on a FCRA basis pursuant to legislation.

<sup>3</sup> See discussion on uncertainty premium on pages 397-398 of the *Analytical Perspectives* volume of the 2013 Budget.

<sup>1</sup> Pages 393-398 of the *Analytical Perspectives* volume of the 2013 Budget include more discussion of the issues raised in this section and the following section on Implementation.

Other factors aside from the uncertainty premium would also contribute to overstatement of the costs to taxpayers under fair value cost estimates. Such factors include the liquidity premium and a component related to the exemption of Treasuries from the State income tax. The liquidity premium in particular is less relevant to taxpayers, because the Government can easily borrow in the Treasury securities market with minimal transaction costs.

*Lack of comparable market data.* Due to the lack of historical data and market information, it is difficult to apply standard private sector methods to calculate fair value estimates for Federal credit programs. Often there are not comparable market instruments for Federal credit. The Government typically intervenes to improve efficiency in inefficient markets, so either comparable financial products do not exist, or their prices are distorted. Market information, including interest rates, can be also misleading during periods of financial instability. The availability of historical data varies widely across programs. Even in well-developed markets, the presence of Federal programs can distort market prices. For example, information problems discussed earlier in this chapter lead to inefficiencies in markets for student loans and small business loans. In those cases, market interest rates may reflect other complex factors that cannot be captured.

*Lack of estimation methods.* Even if data and information were available, estimating fair value costs requires advanced financial knowledge and sophisticated modeling techniques. Attempting to isolate the elements of fair value that are relevant to the Government would require judgment, and reasonable analysts would yield very different results. Estimating FCRA budget costs is much more straightforward, as expected costs can be compared to actuals, and actual experience can then inform new cost estimates. In contrast, because market factors are not observable and/or are difficult to estimate from market yields, there is no way to verify or validate the fair value component of costs. Using private sector valuation methods in these cases would produce highly subjective costs estimates which would be difficult to validate and raise conceptual concerns regarding consistency across credit programs and other forms of Federal spending.

*Implications for fair value cost estimates.* While there have been estimates of the “fair value” cost of credit programs, these estimates rely on analytical shortcuts to incorporate unobservable factors, and private sector valuation methods and assumptions that do not translate to Federal assistance. In contrast, FCRA costs reflect estimated cashflows, including expected risks. So if an initial FCRA cost estimate suggested a \$2 million cost for a \$100 million loan program, and actual lifetime costs proved to be \$4 million, the change in cost can be traced back to the actual cashflows to and from the Government, and updated through reestimates. Actual experience may deviate from initial estimates; however, through the reestimates FCRA subsidy costs are ultimately tied to actual cashflows with the public and actual experience feeds into future estimates as appropriate. In contrast, fair value cost estimates include unobservable factors—including how the market would price specific contract terms,

expected losses, and the premium that a private actor would demand to compensate for uncertainty of future performance. The original fair value cost estimate may be \$10 million for the same program, but there would be no way to compare the market price assumptions against program experience after the fact, as these are not tied to actual cashflows and these unobservable costs would always remain unknown.

*Imbalance in budgetary accounting.* The primary role of the budget is to reflect the fiscal position of the Federal Government—and fair value as proposed would not produce an accurate estimate of the fiscal position. Where FCRA cost estimates and budgetary accounting tie the cost of credit programs to actual cash flows, fair value cost estimates could cause an imbalance because the cost estimate for a program would exceed the expected cost to the Government. Under fair value cost estimates, the cost estimate and estimated impact on the deficit for the same program could be different from one another, raising concerns about consistency and transparency. A full accounting of the scoring under fair value should result in the same net deficit effect as credit programs under FCRA—so if legislators are scored higher costs for the premium charged on a fair value basis, such scoring should also recognize the savings from the premium reflected in fair value costs.

### **Lack of Comparability across Federal Spending**

FCRA placed loan and guarantee programs on a comparable basis, and also allowed comparison across forms of Federal spending based on lifetime expected costs. Because fair value estimates reflect market pricing, fair value costs would be higher than the lifetime expected costs reflected in FCRA estimates for credit programs, and cost estimates for other forms of Federal spending. If the budget were to include costs beyond the expected fiscal impact of Federal spending for credit programs, it should include other economic and indirect effects for all programs—both costs and benefits. For any program involving externalities, the economic costs may differ significantly from the budget costs. For example, the budgetary cost of building a highway does not include the social cost of environmental damages, or the social benefit of lower transportation costs. The right way to incorporate information beyond the fiscal impact of government activities is cost-benefit analysis, which weighs the social benefit of each program against its social cost in a comprehensive manner.

*Efficient allocation of Federal resources across programs.* It would be inconsistent to incorporate the uncertainty premium for credit programs alone, when it may also be relevant to many other Federal programs whose costs are tied to economic conditions, such as unemployment insurance. Changes in mandatory programs and tax law all have effects on the budget that need to be weighed against each other and against changes in discretionary spending on the basis of their uncertain estimates. Compared with the uncertainty associated with the deficit impact of mandatory programs and tax collection, the uncertainty in the outcomes of credit programs is minuscule. Scoring economic costs only to credit pro-

grams could distort decision making, placing a thumb on the scale against credit assistance.

### Implementation Costs and Challenges of Fair Value

Beyond the conceptual issues of fair value, there are practical implementation issues that would need to be addressed. Premature or piecemeal implementation of fair value could prove extremely costly, with little long-term benefit in terms of more accurate cost information and efficient resource allocation. Depending on the nature of a fair value proposal, it could require a significant investment in OMB, Treasury, and Federal credit agency resources to implement, or it could divert limited administrative resources from management and oversight of affected programs.

Methods for estimating fair value would need to be explored and developed, along with guidance to ensure consistent and appropriate application across programs. While the components of market prices may be estimated, the degree of accuracy can vary widely. Guidance would also need to be developed to account for actual costs over time to ensure transparency and accuracy in the costs of outstanding loans and guarantees and the effects of policy changes on program costs. However, it is not clear that it is possible to develop guidance that could overcome the inherent problems identified above.

In implementing current FCRA requirements, some Federal credit programs have faced significant administrative challenges in hiring staff with the right technical skill sets, and developing critical management infrastructure, including financial accounting systems, monitoring, and modeling capabilities. Fair value would place much greater demands on agencies in all of these areas. For some of these programs, greater investment in preparing FCRA estimates might do more to improve cost measurement than investment in preparing fair value estimates.

The Troubled Asset Relief Program (TARP) implemented a risk-adjusted cost estimate, similar to fair value, based on the direction in the Economic Emergency Stabilization Act of 2008. The Act provided Treasury permanent indefinite budget authority to fund administrative costs, in contrast

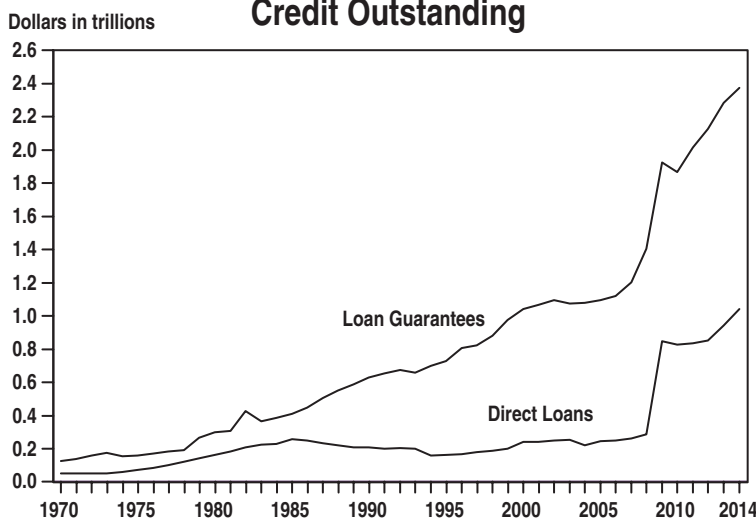
to the funding for administrative expenses of most other credit programs, which are annually appropriated and constrained by the discretionary caps. Implementation has been extremely resource-intensive, requiring large investments in private sector financial advisors, datasets, and systems. Agencies with limited administrative resources may not be able to support necessary investments for accurate fair value estimates, or doing so could draw resources away from mitigating risks and costs that otherwise may be within the agency's ability to control. Ultimately, the lifetime cost to Government under TARP is expected to be far lower than originally estimated, as premiums for market risk are returned to Treasury through downward re-estimates over time, raising the question of the value of the original fair value estimates.

### Summary

Fair value cost of estimates for Federal credit programs have the potential to capture elements of cost that are not included in FCRA-based cost estimates. Using fair value cost estimates in the budget, however, would not represent an improvement over the methods in use today. The budget is more informative when it shows the direct cost to the Government in an accurate and transparent manner, as opposed to the economic cost, or other definitions of cost that depend on unobservable values. It is conceptually difficult to identify the uncertainty premium relevant to taxpayers, which differs in many cases from the uncertainty premium for private investors. Even if conceptual issues were resolved to a reasonable extent, it would be very costly and difficult to estimate fair value costs due to the paucity of historical data and limited relevance of market information.

For some programs, greater investment in preparing FCRA estimates might do more to improve cost measurement than investment in preparing fair value estimates. Alternatives to fair value budgeting to inform decision-making for credit programs should be evaluated—including greater investment in improving FCRA cost estimates, and strengthened cost-benefit analyses at the program level.

**Chart 22-1. Face Value of Federal Credit Outstanding**



**Table 22–2. ESTIMATED FUTURE COST OF OUTSTANDING FEDERAL CREDIT PROGRAMS**

(In billions of dollars)

Program	Outstanding 2011	Estimated Future Costs of 2011 Outstanding <sup>1</sup>	Outstanding 2012	Estimated Future Costs of 2012 Outstanding <sup>1</sup>
<b>Direct Loans: <sup>2</sup></b>				
Federal Student Loans .....	378	–14	510	–17
Troubled Asset Relief Program (TARP) <sup>3</sup> .....	100	42	40	24
Education Temporary Student Loan Purchase Authority .....	98	–13	95	–14
GSE Mortgage-Backed Securities Purchase Program .....	71	–2	.....	.....
Farm Service Agency (excl. CCC), Rural Development, Rural Housing .....	52	10	53	9
Rural Utilities Service and Rural Telephone Bank .....	47	2	52	2
State Housing Finance Authority Direct Loans .....	15	1	14	1
Export-Import Bank .....	9	7	10	8
Housing and Urban Development .....	9	2	13	2
Disaster Assistance .....	8	2	8	2
Department of Energy, Title 17, ATVM .....	7	1	12	2
Public Law 480 .....	5	2	4	3
Agency for International Development .....	4	1	4	1
Small Business Lending Fund <sup>3</sup> .....	4	–*	4	–*
Other direct loan programs <sup>3</sup> .....	30	10	33	8
Total direct loans .....	837	51	852	31
<b>Guaranteed Loans: <sup>2</sup></b>				
FHA-Mutual Mortgage Insurance Fund .....	1,043	28	1,118	43
Federal Student Loans .....	328	10	291	1
Department of Veterans Affairs (VA) Mortgages .....	258	5	296	6
FHA-General and Special Risk Insurance Fund .....	138	8	144	12
Farm Service Agency (excl. CCC), Rural Development, Rural Housing .....	83	4	97	4
Small Business Administration (SBA) <sup>4</sup> .....	82	5	87	4
Export-Import Bank .....	49	1	57	2
International Assistance .....	20	3	21	2
Commodity Credit Corporation .....	6	*	5	*
Government National Mortgage Association (GNMA) <sup>4</sup> .....	.....	*	.....	*
Other guaranteed loan programs <sup>4, 5</sup> .....	10	1	12	*
Total guaranteed loans .....	2,017	64	2,128	74
<b>Total Federal credit .....</b>	<b>2,854</b>	<b>115</b>	<b>2,980</b>	<b>105</b>

\* \$500 million or less.

<sup>1</sup> Direct loan future costs reflect the financing account allowance for subsidy cost and the liquidating account allowance for estimated uncollectible principal and interest. Loan guarantee future costs reflect estimated liabilities for loan guarantees.<sup>2</sup> Excludes loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as Commodity Credit Corporation (CCC) commodity price supports. Defaulted guaranteed loans that result in loans receivable are included in direct loan amounts.<sup>3</sup> As authorized by the statute, table includes equity purchases under the TARP, the Small Business Lending Fund and IMF transactions resulting from the 2009 Supplemental Appropriations Act. Future costs for the TARP and IMF transactions reflected here are calculated using the discount rate required by the Federal Credit Reform Act adjusted for market risks, as directed in legislation.<sup>4</sup> To avoid double-counting, outstandings for SBA and GNMA secondary market guarantees of federally-guaranteed loans, and the TARP FHA Letter of Credit are excluded from the totals.<sup>5</sup> Includes Department of Energy Title 17 loan guarantees financed by private lenders.

**Table 22-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2012 <sup>1</sup>**

(Outlays and receipts, in millions of dollars)

Agency and Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>DIRECT LOANS</b>												
<b>Agriculture:</b>												
Agriculture Credit Insurance Fund .....	921	10	-701	-147	-2	-14	-251	-478	326	-147	93	1
Farm Storage Facility Loans .....	-1	-7	-8	7	-1	.....	50	-47	-11	-19	-5	-19
Apple Loans .....	-2	1	.....	*	*	*	*	-1	-1	-*	-*	.....
Emergency Boll Weevil Loans .....	.....	1	*	*	3	.....	*	*	-*	-*	-2	*
Distance Learning, Telemedicine, and Broadband Loans ...	1	-1	-1	1	7	1	3	-3	1	-2	-30	22
Rural Electrification and Telecommunications Loans .....	-42	101	265	143	-197	-108	-149	293	248	192	-66	199
Rural Telephone Bank .....	.....	-3	-7	-6	-17	-48	-22	36	1	-4	-2	1
Rural Housing Insurance Fund .....	-29	-435	-64	-200	109	.....	-13	-405	18	170	297	188
Rural Economic Development Loans .....	-1	-1	.....	-2	*	-3	3	-1	-4	-2	*	-1
Rural Development Loan Program .....	-1	-3	.....	-3	-2	-7	*	-4	-4	-4	-3	-2
Rural Community Facilities Program .....	.....	.....	.....	.....	.....	.....	4	77	-19	-31	-100	-24
Rural Business and Industry Program .....	.....	.....	.....	.....	.....	.....	-22	-5	-5	4	-20	2
Rural Water and Waste Disposal Program .....	.....	.....	.....	.....	.....	.....	-13	72	-124	-52	-84	-193
Rural Community Advancement Program <sup>2</sup> .....	3	-1	-84	-34	-73	-77	.....	.....	.....	.....	.....	.....
P.L. 480 .....	65	-348	33	-43	-239	-26	44	-163	-171	23	19	10
P.L. 480 Title I Food for Progress Credits .....	.....	-112	-44	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Commerce:</b>												
Fisheries Finance .....	-1	-3	.....	1	-15	-12	11	-16	-*	*	*	-9
<b>Defense—Military Programs:</b>												
Military Housing Improvement Fund .....	.....	.....	.....	*	-4	-1	-8	-2	-13	-8	-29	-4
<b>Education:</b>												
Federal Direct Student Loan Program: <sup>3</sup>												
Volume reestimate .....	.....	43	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other technical reestimate .....	.....	3,678	1,999	855	2,827	2,674	408	-45	-1,176	-5,624	5,511	-8,273
Temporary Student Loan Purchase Authority: <sup>3</sup>												
Volume reestimate .....	.....	.....	.....	.....	.....	.....	.....	418	.....	.....	.....	.....
Other technical reestimate .....	.....	.....	.....	.....	.....	.....	.....	444	1,076	-5,529	-1,434	1,293
College Housing and Academic Facilities Loans .....	.....	.....	.....	.....	.....	*	*	*	*	*	-*	-*
Historically Black Colleges and Universities .....	.....	.....	.....	.....	.....	11	-16	-24	-75	68	-4	-125
TEACH Grants .....	.....	.....	.....	.....	.....	.....	.....	.....	11	-5	18	-15
<b>Energy:</b>												
Advanced Technology Vehicle Manufacturing Fund .....	.....	.....	.....	.....	.....	.....	.....	.....	12	-712	-985	-906
Title 17 Innovative Technology Fund .....	.....	.....	.....	.....	.....	.....	.....	.....	-*	55	409	12
<b>Health and Human Services:</b>												
Consumer Operated and Oriented Plan .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3
<b>Homeland Security:</b>												
Disaster Assistance .....	-7	-6	*	4	*	*	*	.....	-18	-1	-252	-23
<b>Interior:</b>												
Bureau of Reclamation Loans .....	-9	-14	.....	17	1	1	5	-3	-1	-9	-9	-*
Bureau of Indian Affairs Direct Loans .....	-1	2	*	*	*	1	-1	.....	1	1	*	.....
Assistance to American Samoa .....	.....	.....	*	*	.....	2	.....	.....	-4	*	-*	-*
<b>Housing and Urban Development:</b>												
Green Retrofit Program for Multifamily Housing, Recovery Act .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1
<b>State:</b>												
Repatriation Loans .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	-7	-1
<b>Transportation:</b>												
Alameda Corridor Loan .....	.....	.....	-12	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation Infrastructure Finance and Innovation .....	.....	.....	.....	3	-11	7	11	-163	92	17	-64	-55
Railroad Rehabilitation and Improvement Program .....	.....	.....	-5	-14	-11	-1	15	-8	15	13	-16	-7

(Outlays and receipts, in millions of dollars)

[illegible]

**Table 22-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2012 <sup>1</sup>—Continued**

(Outlays and receipts, in millions of dollars)

Agency and Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Health and Human Services:												
Heath Center Loan Guarantees .....	*	*	.....	1	*	*	-1	-2	*	-*	.....	.....
Health Education Assistance Loans .....	.....	-5	-37	-33	-18	-20	*	-15	-5	13	-5	25
Housing and Urban Development:												
Indian Housing Loan Guarantee .....	*	-1	*	-3	-1	*	-5	-7	-7	-2	13	-9
Title VI Indian Guarantees .....	.....	-1	1	4	*	-4	-3	-2	-2	-1	-2	-2
Native Hawaiian Housing .....	.....	.....	.....	.....	.....	.....	.....	.....	-*	-*	*	-1
Community Development Loan Guarantees .....	.....	.....	19	-10	-2	4	1	-1	-9	-8	2	5
FHA-Mutual Mortgage Insurance .....	-1,308	1,100	5,947	1,979	2,842	636	3,923	9,262	8,435	5,014	5,628	17,642
FHA-General and Special Risk Insurance Fund .....	-403	77	352	507	238	-1,254	-362	6,086	571	1,848	-1,200	3,626
Guarantees of Mortgage-backed Securities .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	684	132	97
Interior:												
Bureau of Indian Affairs Guaranteed Loans .....	-1	-2	-2	*	15	5	-30	-3	11	4	-19	.....
Bureau of Indian Affairs Insured Loans .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	-*	.....	.....
Transportation:												
Maritime Guaranteed Loans (Title XI) .....	187	27	-16	4	-76	-11	-51	23	8	32	3	-15
Minority Business Resource Center .....	1	.....	*	*	.....	*	*	.....	-*	-*	-*	-*
Treasury:												
Air Transportation Stabilization Program .....	.....	113	-199	292	-109	-95	.....	.....	.....	.....	.....	.....
Troubled Asset Relief Program <sup>4</sup> .....	.....	.....	.....	.....	.....	.....	.....	.....	-517	-691	28	-159
Veterans Affairs:												
Veterans Housing Benefit Fund Program .....	-163	-184	-1,515	-462	-842	-525	182	-70	494	1,084	654	1,162
International Assistance Programs:												
U.S. Agency for International Development:												
Development Credit Authority .....	-1	.....	1	-3	-2	2	11	5	-8	-6	4	-5
Micro and Small Enterprise Development .....	.....	.....	2	-2	.....	-3	*	.....	.....	-1	.....	.....
Urban and Environmental Credit .....	-4	-15	48	-2	-5	-11	-22	7	-1	-10	-6	-3
Assistance to the New Independent States of the Former Soviet Union .....	-34	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Loan Guarantees to Israel .....	.....	.....	-76	-111	188	34	-16	-46	283	-21	-316	-35
Loan Guarantees to Egypt .....	.....	.....	.....	.....	7	14	-12	12	-11	6	-54	213
Loan Guarantees to Tunisia .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	-18
Overseas Private Investment Corporation:												
OPIC Guaranteed Loans .....	5	77	60	-212	-21	-149	-268	-26	-23	-13	39	-27
Small Business Administration:												
Business Loans .....	-226	304	1,750	1,034	-390	-268	-140	931	3,746	3,711	1,512	-860
Other Independent Agencies:												
Export-Import Bank Guarantees .....	-417	-2,042	-1,133	-655	-1,164	-579	-174	23	571	-370	-312	291
<b>Total .....</b>	<b>-1,854</b>	<b>-142</b>	<b>3,468</b>	<b>6,008</b>	<b>9,003</b>	<b>-3,441</b>	<b>2,044</b>	<b>2,576</b>	<b>-107,214</b>	<b>-63,353</b>	<b>7,560</b>	<b>-338</b>

<sup>\*</sup> Less than \$500,000.<sup>1</sup> Excludes interest on reestimates. Additional information on credit reform subsidy reestimates is available in the Federal Credit Supplement.<sup>2</sup> Includes Rural Water and Waste Disposal, Rural Community Facilities, and Rural Business and Industry programs through 2007.<sup>3</sup> Volume reestimates in mandatory programs represent a change in volume of loans disbursed in the prior years.<sup>4</sup> As authorized by law, table includes reestimated subsidy costs of equity purchases under the TARP and the Small Business Lending Fund, and IMF transactions authorized under the Supplemental Appropriations Act of 2009. Subsidy costs for the TARP and IMF activity reflected on a credit reform basis are estimated using the discount rate required under the FCRA, adjusted for market risks, as directed in legislation. The Administration proposes restating IMF amounts provided in 2009. Please see the Budget Appendix for more information.

**Table 22–4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2012–2014**

(Dollars in millions)

Agency and Program	2012 Actual			2013 CR			2014 Proposed		
	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels
<b>Agriculture:</b>									
Agricultural Credit Insurance Fund Program Account .....	5.27	93	1,751	4.65	81	1,758	3.72	70	1,906
Farm Storage Facility Loans Program Account .....	–2.30	–5	200	–2.48	–7	309	–2.53	–8	309
Rural Electrification and Telecommunications Loans Program Account .....	–4.19	–202	4,822	–6.20	–299	4,822	–3.00	–140	4,690
Distance Learning, Telemedicine, and Broadband Program .....	3.55	2	69	9.47	5	53	13.05	34	257
Rural Water and Waste Disposal Program Account .....	9.58	91	947	8.07	77	951	–0.87	–10	1,200
Rural Community Facilities Program Account .....	–3.03	–39	1,271	–2.08	–27	1,300	–13.21	–198	1,500
Multifamily Housing Revitalization Program Account .....	52.12	8	15	53.96	11	19	50.32	18	36
Rural Housing Insurance Fund Program Account .....	6.68	65	973	9.67	83	858	5.83	28	472
Rural Microenterprise Investment Program Account .....	.....	.....	.....	.....	.....	.....	6.26	3	46
Rural Development Loan Fund Program Account .....	33.88	6	18	32.04	6	19	21.61	4	19
Rural Economic Development Loans Program Account .....	12.98	6	41	12.39	10	78	8.45	6	73
<b>Commerce:</b>									
Fisheries Finance Program Account .....	–8.45	–6	65	–4.21	–4	83	–7.56	–6	83
<b>Defense—Military Programs:</b>									
Defense Family Housing Improvement Fund .....	14.07	20	143	16.26	60	367	.....	.....	.....
<b>Education:</b>									
College Housing and Academic Facilities Loans Program Account .....	5.50	13	235	6.29	20	318	3.09	10	320
Teacher Education Assistance .....	10.25	14	138	1.48	2	125	1.52	1	94
Federal Perkins Loan Program Account .....	.....	.....	.....	.....	.....	.....	–30.07	–1,409	4,684
Federal Direct Student Loan Program Account .....	–16.49	–27,101	164,302	–17.94	–26,141	145,690	–18.99	–29,174	153,604
<b>Energy:</b>									
Title 17 Innovative Technology Loan Guarantee Program .....	.....	.....	.....	<sup>2</sup> .....	.....	9,050	<sup>2</sup> 1.72	169	9,822
Advanced Technology Vehicles Manufacturing Loan Program Account .....	.....	.....	.....	<sup>2</sup> 25.44	4,224	16,602	.....	.....	.....
<b>Health and Human Services:</b>									
Consumer Operated and Oriented Plan Program Account .....	42.91	725	1,691	41.35	122	295	.....	.....	.....
Consumer Operated and Oriented Plan Program Contingency Fund .....	.....	.....	.....	37.66	68	180	.....	.....	.....
<b>Homeland Security:</b>									
Disaster Assistance Direct Loan Program Account .....	86.06	4	5	85.69	335	392	.....	.....	.....
<b>Housing and Urban Development:</b>									
FHA-Mutual Mortgage Insurance Program Account .....	.....	.....	.....	.....	.....	50	.....	.....	20
FHA-General and Special Risk Program Account .....	.....	.....	.....	.....	.....	1	.....	.....	1
Emergency Homeowners' Relief Fund .....	97.72	18	19	97.71	22	23	.....	.....	.....
<b>State:</b>									
Repatriation Loans Program Account .....	57.85	1	2	57.67	1	2	63.06	1	2
<b>Transportation:</b>									
TIFIA General Fund Program Account, Federal Highway Administration, Transportation .....	1.05	6	546	8.28	39	466	.....	.....	.....
Federal-aid Highways .....	5.50	47	852	9.66	746	7,723	10.16	995	9,793
Railroad Rehabilitation and Improvement Program .....	–2.12	–3	139	.....	.....	600	.....	.....	600
<b>Treasury:</b>									
Community Development Financial Institutions Fund Program Account .....	40.26	6	15	32.15	8	25	<sup>2</sup> 0.22	2	1,025
<b>Veterans Affairs:</b>									
Veterans Housing Benefit Program Fund .....	–1.93	–3	163	–12.20	–33	268	–21.58	–89	413
Native American Veteran Housing Loan Program Account .....	–8.82	–1	8	–13.87	–2	14	–13.12	–2	14
<b>International Assistance Programs:</b>									
Development Credit Authority Program Account .....	.....	.....	.....	27.42	3	10	27.14	3	10
Overseas Private Investment Corporation Program Account .....	–1.64	–5	422	–3.10	–23	750	–4.28	–51	1,200

**Table 22–4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2012–2014—Continued**  
(Dollars in millions)

Agency and Program	2012 Actual			2013 CR			2014 Proposed		
	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels
Small Business Administration:									
Disaster Loans Program Account .....	11.03	52	463	11.11	455	4,100	8.48	93	1,100
Business Loans Program Account .....	19.43	9	42	15.71	7	43	18.64	5	25
Export-Import Bank of the United States:									
Export-Import Bank Loans Program Account .....	–13.69	–1,611	11,765	15.03	15	100	9.70	15	150
National Infrastructure Bank:									
National Infrastructure Bank Program Account .....	.....	.....	.....	.....	.....	.....	<sup>2</sup> 11.57	58	500
<b>Total .....</b>	<b>N/A</b>	<b>–27,790</b>	<b>191,122</b>	<b>N/A</b>	<b>–20,136</b>	<b>197,444</b>	<b>N/A</b>	<b>–29,572</b>	<b>193,968</b>

N/A = Not applicable.

<sup>1</sup> Additional information on credit subsidy rates is available in the Federal Credit Supplement.

<sup>2</sup> Rate reflects notional estimate. Estimates will be determined at the time of execution, and will reflect the terms of the contracts and other characteristics.

**Table 22–5. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2012–2014**

(Dollars in millions)

Agency and Program	2012 Actual			2013 CR			2014 Proposed		
	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan levels
<b>Agriculture:</b>									
Agricultural Credit Insurance Fund Program Account .....	0.66	16	2,434	0.64	25	3,859	0.40	14	3,650
Commodity Credit Corporation Export Loans Program Account .....	–0.69	–29	4,132	–1.16	–64	5,500	–1.14	–63	5,500
Rural Water and Waste Disposal Program Account .....	1.59	*	8	1.06	2	177	0.71	1	98
Rural Community Facilities Program Account .....	4.73	10	202	6.70	8	125	6.21	3	49
Rural Housing Insurance Fund Program Account .....	–0.03	–6	19,316	–0.25	–60	24,130	–0.14	–34	24,150
Rural Business Program Account .....	5.58	59	1,053	5.88	51	860	6.99	63	897
Rural Energy for America Program .....	26.19	4	14	24.01	13	53	27.43	33	120
Biorefinery Assistance Program Account .....	31.30	145	462	42.00	40	96	.....	.....	.....
<b>Health and Human Services:</b>									
Health Resources and Services .....	2.67	*	10	1.79	*	12	4.53	*	6
<b>Housing and Urban Development:</b>									
Indian Housing Loan Guarantee Fund Program Account .....	1.46	12	792	1.35	5	368	0.33	6	1,818
Native Hawaiian Housing Loan Guarantee Fund Program Account .....	0.93	*	4	0.50	1	14	0.53	1	38
Native American Housing Block Grant .....	10.80	2	20	10.91	5	45	12.10	5	45
Community Development Loan Guarantees Program Account .....	2.48	5	206	2.46	9	364	.....	.....	500
FHA-Mutual Mortgage Insurance Program Account .....	–2.47	–5,582	226,523	–6.73	–18,177	270,180	–6.50	–12,959	199,336
FHA-General and Special Risk Program Account .....	–1.98	–438	22,050	–4.21	–996	23,670	–3.87	–848	21,912
<b>Interior:</b>									
Indian Guaranteed Loan Program Account .....	8.38	6	73	5.53	4	73	5.75	4	70
<b>Transportation:</b>									
Minority Business Resource Center Program .....	1.81	*	5	1.73	*	18	1.76	*	18
Federal-aid Highways .....	.....	.....	.....	7.60	10	132	.....	.....	.....
Railroad Rehabilitation and Improvement Program .....	.....	.....	.....	.....	.....	100	.....	.....	100
Maritime Guaranteed Loan (Title XI) Program Account .....	.....	.....	.....	9.02	38	421	.....	.....	.....
<b>Veterans Affairs:</b>									
Veterans Housing Benefit Program Fund .....	–0.11	–143	120,252	–0.10	–108	108,211	–0.02	–13	65,533
<b>International Assistance Programs:</b>									
Loan Guarantees to Israel Program Account .....	.....	.....	.....	.....	.....	1,270	.....	.....	1,274
Tunisia Loan Guarantee Program Account .....	6.16	30	485	.....	.....	.....	.....	.....	.....
Development Credit Authority Program Account .....	5.04	26	524	6.45	47	729	4.07	25	618
Overseas Private Investment Corporation Program Account .....	–8.84	–250	2,836	–5.99	–132	2,200	–6.57	–243	3,700
<b>Small Business Administration:</b>									
Disaster Loans Program Account .....	.....	.....	.....	1.94	*	18	.....	.....	.....
Business Loans Program Account .....	0.36	195	54,309	0.48	428	88,731	0.14	101	73,427
<b>Export-Import Bank of the United States:</b>									
Export-Import Bank Loans Program Account .....	–1.40	–336	24,020	–3.07	–1,178	38,372	–2.60	–1,107	42,531
<b>National Infrastructure Bank:</b>									
National Infrastructure Bank Program Account .....	.....	.....	.....	.....	.....	.....	<sup>2</sup> 8.85	18	200
<b>Total .....</b>	<b>N/A</b>	<b>–6,274</b>	<b>479,730</b>	<b>N/A</b>	<b>–20,029</b>	<b>569,728</b>	<b>N/A</b>	<b>–14,993</b>	<b>445,590</b>
<b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>									
<b>GNMA:</b>									
Guarantees of Mortgage-backed Securities Loan Guarantee Program Account .....	–0.19	–737	388,029	–0.23	–580	252,000	–0.22	–542	246,500
<b>Treasury:</b>									
Troubled Asset Relief Program, Housing Programs <sup>3</sup> .....	4.00	9	234	2.48	129	5,229	.....	.....	.....
<b>SBA:</b>									
Secondary Market Guarantee Program .....	.....	.....	3,926	.....	.....	12,000	.....	.....	12,000
<b>Total, secondary guaranteed loan commitments .....</b>	<b>N/A</b>	<b>–728</b>	<b>392,189</b>	<b>N/A</b>	<b>–451</b>	<b>269,229</b>	<b>N/A</b>	<b>–542</b>	<b>258,500</b>

N/A = Not applicable.

\* Less than \$500,000.

<sup>1</sup> Additional information on credit subsidy rates is available in the Federal Credit Supplement.<sup>2</sup> Rate reflects notional estimate. Estimates will be determined at the time of execution, and will reflect the terms of the contracts and other characteristics.<sup>3</sup> Amounts reflect the TARP FHA Refinance Letter of Credit program. Subsidy costs for this program are calculated using the discount rate required by the FCRA, adjusted for market risks, as directed in legislation.

**Table 22-6. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES <sup>1</sup>**

(In billions of dollars)

	Actual								Estimate	
	2005	2006	2007	2008	2009	2010	2011	2012	2013 CR	2014
<b>Direct Loans:</b>										
Obligations .....	56.3	57.8	42.5	75.6	812.9	246.0	296.3	191.1	197.4	194.0
Disbursements .....	50.6	46.6	41.7	41.1	669.4	218.9	186.7	170.0	179.9	222.8
New subsidy budget authority <sup>2</sup> .....	2.1	4.7	1.4	3.7	140.1	-9.2	-15.7	-27.2	-20.1	-26.7
Reestimated subsidy budget authority <sup>2,3</sup> .....	3.8	3.1	3.4	-0.8	-0.1	-125.1	-66.8	16.8	-19.5	.....
<b>Total subsidy budget authority .....</b>	<b>6.0</b>	<b>7.8</b>	<b>4.8</b>	<b>-1.3</b>	<b>140.0</b>	<b>-134.3</b>	<b>-82.5</b>	<b>-10.4</b>	<b>-39.6</b>	<b>-26.7</b>
<b>Loan Guarantees:</b>										
Commitments <sup>4</sup> .....	248.5	280.7	270.2	367.7	879.2	507.3	446.7	479.7	569.7	445.6
Lender disbursements <sup>4</sup> .....	221.6	256.0	251.2	354.6	841.5	494.8	384.1	444.3	487.0	383.6
New subsidy budget authority <sup>2</sup> .....	10.1	17.2	5.7	-1.4	-7.8	-4.9	-7.4	-6.9	-20.5	-19.2
Reestimated subsidy budget authority <sup>2,3</sup> .....	3.5	7.0	-6.8	3.6	0.5	7.6	-4.0	-4.9	20.8	.....
<b>Total subsidy budget authority .....</b>	<b>13.6</b>	<b>24.2</b>	<b>-1.1</b>	<b>2.2</b>	<b>-7.2</b>	<b>2.8</b>	<b>-11.4</b>	<b>-11.8</b>	<b>0.3</b>	<b>-19.2</b>

<sup>1</sup> Includes equity purchases under the TARP and the Small Business Lending Fund, and IMF increases provided in the Supplemental Appropriations Act of 2009, as authorized by law.<sup>2</sup> Credit subsidy costs for the TARP and IMF increases provided in the Supplemental Appropriations Act of 2009 are calculated using the discount rate required under the FCRA, adjusted for market risks, as directed in legislation. The Administration proposes restating IMF amounts provided in 2009. Please see the Budget Appendix for more information.<sup>3</sup> Includes interest on reestimate.<sup>4</sup> To avoid double-counting, totals exclude GNMA secondary guarantees of loans that are guaranteed by FHA, VA, and RHS, SBA's guarantee of 7(a) loans sold in the secondary market, and the TARP FHA Letter of Credit.

**Table 22–7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS**

Agency and Program	In millions of dollars			As a percentage of outstanding loans <sup>1</sup>		
	2012 Actual	2013 Estimate	2014 Estimate	2012 Actual	2013 Estimate	2014 Estimate
<b>DIRECT LOAN WRITE-OFFS</b>						
Agriculture:						
Agricultural Credit Insurance Fund .....	41	46	54	0.43	0.48	0.54
Rural Business and Industry Program .....	2	.....	.....	8.00	.....	.....
Rural Community Facility .....	13	.....	.....	0.29	.....	.....
Rural Housing Insurance Fund .....	42	56	56	0.15	0.21	0.21
Rural Water and Waste Disposal .....	15	.....	.....	0.12	.....	.....
Commerce:						
Economic Development Revolving Fund Liquidating Account .....	1	1	1	20.00	33.33	100.00
Defense—Military Programs:						
Family Housing Improvement Fund .....	.....	2	3	.....	0.14	0.18
Housing and Urban Development:						
Emergency Homeowners' Relief Fund .....	.....	24	20	.....	23.53	20.83
Guarantees of Mortgage-backed Securities .....	.....	1	1	.....	12.50	14.29
International Assistance Programs:						
Debt Reduction (Agency for International Development) .....	36	.....	.....	2.68	.....	.....
Overseas Private Investment Corporation .....	4	4	5	0.25	0.19	0.17
Small Business Administration:						
Business Loans .....	5	2	2	2.72	1.10	1.08
Disaster Loans .....	163	158	198	2.04	1.60	1.79
Transportation:						
Railroad Rehabilitation and Improvement Program .....	.....	1	1	.....	0.09	0.06
Treasury:						
Community Development Financial Institutions Fund .....	.....	2	2	.....	3.57	1.69
Small Business Lending Fund <sup>2</sup> .....	.....	6	13	.....	0.15	0.42
Troubled Asset Relief Program Equity Purchases <sup>2</sup> .....	.....	3,013	3,930	.....	8.92	21.31
Veterans Affairs:						
Veterans Housing Benefit Program .....	12	32	14	1.41	3.63	1.13
Other Independent Agencies:						
Export-Import Bank .....	1	10	10	0.01	0.08	0.09
Spectrum Auction .....	20	24	24	15.15	21.43	27.27
<b>Total, direct loan write-offs</b> .....	<b>355</b>	<b>3,382</b>	<b>4,334</b>	<b>0.20</b>	<b>2.76</b>	<b>3.96</b>
<b>GUARANTEED LOAN TERMINATIONS FOR DEFAULT</b>						
Agriculture:						
Agricultural Credit Insurance Fund .....	138	78	78	0.91	0.47	0.44
Biorefinery Assistance Guaranteed Loans .....	38	7	10	17.27	2.33	2.02
Commodity Credit Corporation Export Loans .....	.....	92	92	.....	0.84	0.82
Rural Business and Industry Program .....	161	232	264	2.08	2.92	3.31
Rural Community Facility .....	8	10	10	0.64	0.71	0.70
Rural Energy for America Program .....	.....	8	8	.....	7.55	7.48
Rural Housing Insurance Fund .....	561	501	586	0.69	0.52	0.52
Defense—Military:						
Family Housing Improvement Fund .....	.....	5	7	.....	1.14	1.53
Education:						
Federal Family Education Loans .....	13,480	9,066	7,404	4.11	3.12	2.86
Health Education Assistance Loans <sup>3</sup> .....	.....	.....	13	.....	.....	2.78
Energy:						
Title 17 Innovative Technology .....	.....	4	17	.....	0.12	0.43
Health and Human Services:						
Health Center Loan Guarantees .....	1	1	1	1.14	1.14	1.22
Health Education Assistance Loans <sup>3</sup> .....	23	16	.....	3.78	3.24	.....

**Table 22-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued**

Agency and Program	In millions of dollars			As a percentage of outstanding loans <sup>1</sup>		
	2012 Actual	2013 Estimate	2014 Estimate	2012 Actual	2013 Estimate	2014 Estimate
Housing and Urban Development:						
FHA-General and Special Risk Insurance Fund .....	2,242	5,245	5,223	1.42	3.08	2.88
FHA-Mutual Mortgage Insurance .....	15,849	45,459	32,557	1.24	3.28	2.39
Home Ownership Preservation Equity Fund .....	1	2	2	0.83	1.64	1.69
Indian Housing Loan Guarantee .....	15	16	16	0.52	0.43	0.34
Native American Housing Block Grant .....	2	2	2	1.41	1.29	1.20
Interior:						
Indian Guaranteed Loans .....	.....	2	2	.....	0.33	0.34
International Assistance Programs:						
Development Credit Authority .....	2	3	3	0.47	0.56	0.48
Foreign Military Financing .....	2	1	.....	0.46	0.34	.....
Housing and Other Credit Guaranty Programs .....	8	7	8	1.37	1.36	1.78
Overseas Private Investment Corporation .....	23	79	55	0.32	0.81	0.42
Urban and Environmental Credit Program .....	4	4	4	1.62	1.71	1.89
Small Business Administration:						
Business Loans .....	3,279	2,966	2,764	3.22	2.74	2.37
Transportation:						
Maritime Guaranteed Loan (Title XI) Program .....	.....	44	45	.....	1.84	2.31
Treasury:						
Troubled Asset Relief Program, Home Affordable Modification .....	.....	1	6	.....	0.02	0.11
Veterans Affairs:						
Veterans Housing Benefit Program .....	2,057	2,173	2,473	0.54	0.54	0.54
Other Independent Agencies:						
Export-Import Bank .....	194	193	44	0.27	0.24	0.05
<b>Total, guaranteed loan terminations for default .....</b>	<b>38,088</b>	<b>66,217</b>	<b>51,694</b>	<b>1.56</b>	<b>2.54</b>	<b>1.95</b>
<b>Total, direct loan write-offs and guaranteed loan terminations .....</b>	<b>38,443</b>	<b>69,599</b>	<b>56,028</b>	<b>1.47</b>	<b>2.55</b>	<b>2.03</b>
<b>ADDENDUM: WRITE-OFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE</b>						
Agriculture:						
Agricultural Credit Insurance Fund .....	18	10	10	11.54	6.21	5.75
Biorefinery Assistance Guaranteed Loans .....	33	.....	.....	86.84	.....	.....
Rural Business and Industry Program .....	63	46	68	12.48	9.68	11.09
Rural Energy for America Program .....	10	.....	.....	100.00	.....	.....
Rural Housing Insurance Fund .....	47	125	126	6.00	12.65	11.26
Education:						
Federal Family Education Loans .....	1,450	1,340	1,253	3.02	2.97	2.96
Health Education Assistance Loans <sup>3</sup> .....	.....	.....	21	.....	.....	2.54
Health and Human Services:						
Health Education Assistance Loans <sup>3</sup> .....	28	22	.....	5.04	4.05	.....
Housing and Urban Development:						
FHA-General and Special Risk Insurance Fund .....	830	962	1,166	13.81	12.57	13.78
FHA-Mutual Mortgage Insurance .....	.....	126	142	.....	3.91	3.31
International Assistance Programs:						
Overseas Private Investment Corporation .....	9	20	10	4.86	8.58	4.00
Small Business Administration:						
Business Loans .....	2,166	2,098	2,018	18.82	18.80	18.81
Veterans Affairs:						
Veterans Housing Benefit Program .....	2	4	2	13.33	12.90	10.53
<b>Total, write-offs of loans receivable .....</b>	<b>4,656</b>	<b>4,753</b>	<b>4,816</b>	<b>6.58</b>	<b>6.83</b>	<b>7.03</b>

<sup>1</sup> Loans outstanding at start of year plus new disbursements.<sup>2</sup> Equity purchases under the TARP and the Small Business Lending Fund are reflected here as authorized by law.<sup>3</sup> The Budget reflects the proposal to transfer the HEAL Loan Guarantee program from the Department of Health and Human Services to the Department of Education.

**Table 22–8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS <sup>1</sup>**  
(In millions of dollars)

Agency and Program	2012 Actual	2013 CR	2014 Estimate
<b>DIRECT LOAN OBLIGATIONS</b>			
Agriculture:			
Agricultural Credit Insurance Fund Direct Loan Financing Account .....	1,812	1,726	1,906
Distance Learning, Telemedicine, and Broadband Direct Loan Financing Account .....	69	53	257
Rural Economic Development Direct Loan Financing Account .....	33	33	33
Commerce:			
Fisheries Finance Direct Loan Financing Account .....	83	83	83
Education:			
Historically Black College and University Capital Financing Direct Loan Financing Account .....	368	368	320
Homeland Security:			
Disaster Assistance Direct Loan Financing Account .....	25	425	.....
Housing and Urban Development:			
FHA-General and Special Risk Direct Loan Financing Account .....	20	20	20
FHA-Mutual Mortgage Insurance Direct Loan Financing Account .....	50	50	20
Treasury:			
Community Development Financial Institutions Fund Direct Loan Financing Account .....	25	25	1025
Veterans Affairs:			
Vocational Rehabilitation Direct Loan Financing Account .....	3	3	3
International Assistance Programs:			
Development Credit Authority Direct Loan Financing Account .....	10	10	10
<b>Total, limitations on direct loan obligations .....</b>	<b>2,498</b>	<b>2,796</b>	<b>3,677</b>
<b>LOAN GUARANTEE COMMITMENTS</b>			
Agriculture:			
Agricultural Credit Insurance Fund Guaranteed Loan Financing Account .....	2,611	3,859	3,650
Commerce:			
Economic Development Assistance Programs Financing Account .....	70	70	.....
Housing and Urban Development:			
Indian Housing Loan Guarantee Fund Financing Account .....	360	360	1,818
Title VI Indian Federal Guarantees Financing Account .....	20	20	18
Native Hawaiian Housing Loan Guarantee Fund Financing Account .....	42	42	38
Community Development Loan Guarantees Financing Account .....	240	240	500
FHA-General and Special Risk Guaranteed Loan Financing Account .....	25,000	25,000	30,000
FHA-Mutual Mortgage Insurance Fund Guaranteed Loan Financing Account .....	400,000	400,000	400,000
Interior:			
Indian Guaranteed Loan Financing Account .....	73	73	70
Transportation:			
Minority Business Resource Center Guaranteed Loan Financing Account .....	18	18	18
International Assistance Programs:			
Development Credit Authority Guaranteed Loan Financing Account .....	740	740	740
Small Business Administration:			
Business Guaranteed Loan Financing Account <sup>2</sup> .....	28,000	28,000	35,500
<b>Total, limitations on loan guarantee commitments .....</b>	<b>457,174</b>	<b>458,422</b>	<b>472,352</b>
<b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>			
Housing and Urban Development:			
Guarantees of Mortgage-backed Securities Financing Account .....	500,000	500,000	500,000
Small Business Administration:			
Secondary Market Guarantees .....	12,000	12,000	12,000
<b>Total, limitations on secondary guaranteed loan commitments .....</b>	<b>512,000</b>	<b>512,000</b>	<b>512,000</b>

<sup>1</sup> Data represents loan level limitations enacted or proposed in appropriation acts. For information on actual and estimated loan levels supportable by new subsidy budget authority requested, see Tables 22–4 and 22–5.

<sup>2</sup> For SBA revolving credit facilities, amounts include maximum contingent liability.

**Table 22–9. FACE VALUE OF GOVERNMENT-SPONSORED LENDING <sup>1</sup>**  
(In billions of dollars)

	Outstanding	
	2011	2012
<b>Government-Sponsored Enterprises:</b>		
Fannie Mae <sup>2</sup> .....	3,267	3,241
Freddie Mac <sup>3</sup> .....	1,963	2,031
Federal Home Loan Banks .....	415	412
Farm Credit System .....	167	180
<b>Total</b> .....	<b>5,812</b>	<b>5,864</b>

<sup>1</sup> New originations including issuance of securities and investment portfolio purchases, net of purchases of federally-guaranteed loans.

<sup>2</sup> Data for Fannie Mae is net of purchases of federally-guaranteed loans and Freddie Mac issuances, as reported by the FHFA.

<sup>3</sup> Data for Freddie Mac is net of purchases of federally-guaranteed loans and Fannie Mae issuances, as reported by the FHFA.

**Table 22–10. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) <sup>1</sup>**

(In millions of dollars)

Enterprise	2012
<b>LENDING</b>	
Federal National Mortgage Association:	
Portfolio programs:	
Net change .....	-67,889
Outstandings .....	654,269
Mortgage-backed securities:	
Net change .....	37,056
Outstandings .....	2,604,611
Federal Home Loan Mortgage Corporation:	
Portfolio programs:	
Net change .....	-111,167
Outstandings .....	567,966
Mortgage-backed securities:	
Net change .....	149,989
Outstandings .....	1,648,262
Farm Credit System:	
Agricultural credit bank:	
Net change .....	24,917
Outstandings .....	69,945
Farm credit banks:	
Net change .....	-12,374
Outstandings .....	97,404
Federal Agricultural Mortgage Corporation:	
Net change .....	627
Outstandings .....	12,468
Federal Home Loan Banks:	
Net change .....	-7,589
Outstandings .....	463,076
Less federally-guaranteed loans purchased by:	
Federal National Mortgage Association:	
Net change .....	-3,539
Outstandings .....	71,891
Federal Home Loan Mortgage Corporation:	
Net change .....	-364
Outstandings .....	3,847
Federal Home Loan Banks:	
Net change .....	2,979
Outstandings .....	13,091
Other:	
Net change .....	N/A
Outstandings .....	N/A
Less purchase of mortgage securities issued by other GSEs: <sup>2</sup>	
Net change .....	-32,702
Outstandings .....	80,318
<b>BORROWING</b>	
Federal National Mortgage Association:	
Portfolio programs:	
Net change .....	-57,916
Outstandings .....	680,257
Mortgage-backed securities:	
Net change .....	37,056

**Table 22-10. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) <sup>1</sup>—Continued**

(In millions of dollars)

Enterprise	2012
Outstandings .....	2,604,611
Federal Home Loan Mortgage Corporation:	
Portfolio programs:	
Net change .....	-119,598
Outstandings .....	570,320
Mortgage-backed securities:	
Net change .....	149,989
Outstandings .....	1,648,262
Farm Credit System:	
Agricultural credit bank:	
Net change .....	26,125
Outstandings .....	82,420
Farm credit banks:	
Net change .....	-17,100
Outstandings .....	113,879
Federal Agricultural Mortgage Corporation:	
Net change .....	1,034
Outstandings .....	11,640
Federal Home Loan Banks: <sup>3</sup>	
Net change .....	-23,350
Outstandings .....	679,448
<b>DEDUCTIONS <sup>4</sup></b>	
Less borrowing from other GSEs:	
Net change .....	N/A
Outstandings .....	N/A
Less purchase of Federal debt securities:	
Net change .....	N/A
Outstandings .....	N/A
Less borrowing to purchase federally-guaranteed loans and securities:	
Net change .....	-924
Outstandings .....	88,829
Less borrowing to purchase mortgage securities issued by other GSEs: <sup>2</sup>	
Net change .....	-32,702
Outstandings .....	80,318

N/A = Not available.

<sup>1</sup> Data do not reflect an official view of future GSE activity. The data for all years include programs of mortgage-backed securities. In cases where a GSE owns securities issued by the same GSE, including mortgage-backed securities, the borrowing and lending data for that GSE are adjusted to remove double-counting. Data for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks as reported by the FHFA.

<sup>2</sup> Includes Fannie Mae securities purchased by Freddie Mac and the Federal Home Loan Banks, and Freddie Mac securities purchased by Fannie Mae and the Federal Home Loan Banks.

<sup>3</sup> The net change in borrowings is derived from a year-over-year comparison of borrowings in the Federal Home Loan Banks' audited financial statements.

<sup>4</sup> Where totals and subtotals have not been calculated, a portion of the total is unavailable.



## 23. HOMELAND SECURITY FUNDING ANALYSIS

Section 889 of the Homeland Security Act of 2002 requires that a homeland security funding analysis be incorporated in the President's Budget. This analysis addresses that legislative requirement, and covers homeland security funding and activities of all Federal agencies, not just those carried out by the Department of Homeland Security (DHS). Since not all activities carried out by DHS constitute traditional homeland security funding (e.g. response to natural disasters and Coast Guard search and

rescue activities), DHS estimates in this section do not encompass the entire DHS budget. As also required in the Homeland Security Act of 2002, this analysis includes estimates of State, local, and private sector expenditures on homeland security activities.

The President's highest priority is to keep the American people safe. Homeland security budgetary priorities will continue to be informed by careful, government-wide strategic analysis and review.

**Table 23-1. HOMELAND SECURITY FUNDING BY AGENCY**  
(Budget authority in millions of dollars)

	Agency	2012 Actual	2012 Supplemental/ Emergency	2013 CR	2013 Supplemental	2014 Request
1	Department of Agriculture .....	435.4	.....	445.3	.....	607.3
2	Department of Commerce* .....	338.4	.....	542.5	.....	2,567.6
3	Department of Defense .....	17,780.0	.....	17,481.4	88.4	17,360.1
4	Department of Education .....	30.9	.....	31.4	.....	33.0
5	Department of Energy .....	1,938.1	.....	1,926.1	.....	1,920.4
6	Department of Health and Human Services .....	4,118.1	.....	4,080.3	.....	4,723.1
7	Department of Homeland Security .....	35,088.1	.....	35,717.5	2.0	35,837.3
8	Department of Housing and Urban Development .....	2.0	.....	2.0	.....	1.0
9	Department of the Interior .....	57.6	.....	56.6	.....	56.9
10	Department of Justice .....	4,038.9	.....	4,053.7	.....	4,172.9
11	Department of Labor .....	45.5	.....	36.5	.....	36.8
12	Department of State .....	2,673.7	.....	2,795.7	.....	2,995.9
13	Department of Transportation .....	245.4	.....	235.0	.....	211.2
14	Department of the Treasury .....	121.8	.....	123.7	.....	124.0
15	Department of Veterans Affairs .....	380.9	.....	367.5	.....	375.5
16	Corps of Engineers .....	14.8	.....	15.0	.....	13.6
17	Environmental Protection Agency .....	102.1	.....	102.0	.....	102.3
18	Executive Office of the President .....	10.4	.....	9.0	.....	9.1
19	General Services Administration .....	38.0	.....	18.0	.....	371.0
20	National Aeronautics and Space Administration .....	225.2	.....	212.3	.....	225.9
21	National Science Foundation .....	443.9	.....	443.9	.....	423.0
22	Office of Personnel Management .....	1.3	.....	1.3	.....	.....
23	Social Security Administration .....	211.6	.....	242.2	.....	261.9
24	District of Columbia .....	15.0	.....	25.0	.....	15.0
25	Federal Communications Commission .....	2.6	.....	1.6	.....	1.6
26	Intelligence Community Management Account** .....	9.0	.....	9.0	.....	.....
27	National Archives and Records Administration .....	22.6	.....	22.6	.....	24.7
28	Nuclear Regulatory Commission .....	78.5	.....	78.5	.....	73.2
29	Securities and Exchange Commission .....	8.0	.....	8.0	.....	8.0
30	Smithsonian Institution .....	97.0	.....	101.1	.....	101.2
31	United States Holocaust Memorial Museum .....	11.0	.....	11.0	.....	11.0
<b>Total, Homeland Security Budget Authority .....</b>		<b>68,585.7</b>	<b>.....</b>	<b>69,195.8</b>	<b>90.4</b>	<b>72,664.4</b>
Less Department of Defense .....		-17,780.0	.....	-17,481.4	-88.4	-17,360.1
<b>Non-Defense Homeland Security BA .....</b>		<b>50,805.8</b>	<b>.....</b>	<b>51,714.4</b>	<b>2.0</b>	<b>55,304.3</b>
Less Fee-Funded Homeland Security Programs .....		6,051.8	.....	6,412.2	.....	7,258.2
Less Mandatory Homeland Security Programs .....		-3,092.7	.....	-3,349.4	.....	-5,394.1
<b>Net Non-Defense Discretionary Homeland Security BA .....</b>		<b>53,764.9</b>	<b>.....</b>	<b>54,777.2</b>	<b>2.0</b>	<b>57,168.4</b>

\* One-time funding increase in 2014 authorized by the Middle Class Tax Relief and Job Creation Act of 2012 to build a nationwide broadband network for first responders.

\*\* Funding for the Intelligence Community Management Account was moved under DoD beginning in 2013.

## Data Collection Methodology and Adjustments

The Federal spending estimates in this analysis utilize funding and programmatic information collected on the Executive Branch's homeland security efforts. Throughout the budget formulation process, the Office of Management and Budget (OMB) collects three-year funding estimates and associated programmatic information from all Federal agencies with homeland security responsibilities. These estimates do not include the efforts of the Legislative or Judicial branches. Information in this chapter is augmented by a detailed appendix of account-level funding estimates, which is available on the Internet at [www.budget.gov/budget/analytical\\_perspectives](http://www.budget.gov/budget/analytical_perspectives) and on the Budget CD-ROM.

To compile this data, agencies report information using standardized definitions for homeland security. The data provided by the agencies are developed at the "activity level," which incorporates a set of like programs or projects, at a level of detail sufficient to consolidate the information to determine total Governmental spending on homeland security.

To the extent possible, this analysis maintains programmatic and funding consistency with previous estimates. Some discrepancies from data reported in earlier years arise due to agencies' improved ability to extract homeland security-related activities from host programs and refine their characterizations. As in the Budget, where appropriate, the data is also updated to reflect agency activities, Congressional action, and technical re-estimates. In addition, the Administration may refine definitions or mission area estimates over time based on additional analysis or changes in the way specific activities are characterized, aggregated, or disaggregated.

## Federal Expenditures

Total funding for homeland security has grown significantly since the attacks of September 11, 2001. For 2014, the President's Budget includes \$72.7 billion of gross budget authority for homeland security activities, a \$4.1 billion (6 percent) increase above the 2012 enacted level. Excluding mandatory spending, fees, and the Department of Defense's (DOD) homeland security budget, the 2014 Budget proposes a net, non-Defense, discretionary budget authority level of \$57.2 billion, which is an increase of \$3.4 billion (6 percent) above the 2012 enacted level (see Table 23-1).

A total of 31 agency budgets include Federal homeland security funding in 2014. Six agencies—the Departments of Homeland Security (DHS), Defense (DOD), Health and Human Services (HHS), Justice (DOJ), State (DOS), and Commerce (DOC)—account for approximately \$67.7 billion (93 percent) of total Government-wide gross discretionary homeland security funding in 2014.

As required by the Homeland Security Act, this analysis presents homeland security risk and spending in three broad categories: Prevent and Disrupt Terrorist Attacks; Protect the American People, Our Critical Infrastructure, and Key Resources; and Respond To and Recover From Incidents.

## Prevent and Disrupt Terrorist Attacks

Activities in the areas of intelligence-and-warning and domestic counterterrorism aim to disrupt the ability of terrorists to operate within our borders and prevent the emergence of violent radicalization. Intelligence-and-warning funding covers activities designed to detect terrorist activity before it manifests itself in an attack so that proper preemptive, preventive, and protective action can be taken. Specifically, it is made up of efforts to identify, collect, analyze, and distribute source intelligence information or the resultant warnings from intelligence analysis. It also includes information sharing activities among Federal, State, and local governments, relevant private sector entities, and the public at large; it does not include most foreign intelligence collection, although the resulting intelligence may inform homeland security activities. In 2014, funding for intelligence-and-warning is distributed between DHS (50 percent), primarily in the Office of Intelligence and Analysis; and DOJ (48 percent), primarily in the Federal Bureau of Investigation (FBI). Activities to deny terrorists and terrorist-related weapons and materials entry into our country and across all international borders include measures to protect border and transportation systems, such as screening airport passengers, detecting dangerous materials at ports overseas and at U.S. ports-of-entry, and patrolling our coasts and the land between ports-of-entry. Securing our borders and transportation systems is a complex task. Security enhancements in one area may make another avenue more attractive to terrorists. Therefore, our border and transportation security strategy aims to make the U.S. borders "smarter" while facilitating the flow of legitimate visitors and commerce. Government programs do this by targeting layered resources toward the highest risks and sharing information so that frontline personnel can stay ahead of potential adversaries. The majority of funding for border and transportation security (\$24.6 billion, or 88 percent, in 2014) is in DHS, largely for the U.S. Customs and Border Protection (CBP), the Transportation Security Administration (TSA), and the U.S. Coast Guard. Other DHS bureaus and other Federal Departments, such as the Department of State, also play a significant role. Many of these activities support the Obama Administration's emphasis on reducing the illicit flow of drugs, currency, weapons, and people across our borders as well as targeting transnational criminal organizations operating along the Southwest border and elsewhere. The President's 2014 request would keep funding for border and transportation security activities at a level consistent with the 2012 enacted level.

Funding for domestic counterterrorism contains Federal and Federally-supported efforts to identify, thwart, and prosecute terrorists in the United States. It also includes pursuit not only of the individuals directly involved in terrorist activity, but also their sources of support: the people and organizations that knowingly fund the terrorists and those that provide them with logistical assistance. In today's world, preventing and interdicting terrorist activity within the United States is a priority

**Table 23–2. PREVENT AND DISRUPT TERRORIST ATTACKS**

(Budget authority in millions of dollars)

Agency	2012 Actual	2012 Supplemental/ Emergency	2013 CR	2013 Supplemental	2014 Request
Department of Agriculture .....	234.1	.....	243.3	.....	244.3
Department of Commerce .....	4.2	.....	4.4	.....	4.2
Department of Energy .....	.....	.....	.....	.....	0.5
Department of Homeland Security .....	27,657.7	.....	27,799.8	2.0	27,042.7
Department of the Interior .....	0.4	.....	0.4	.....	0.4
Department of Justice .....	3,416.1	.....	3,430.0	.....	3,626.1
Department of State .....	2,587.5	.....	2,688.1	.....	2,896.5
Department of Transportation .....	42.8	.....	33.7	.....	33.9
Department of the Treasury .....	71.4	.....	71.8	.....	71.3
General Services Administration .....	.....	.....	.....	.....	288.0
<b>Total, Prevent and Disrupt Terrorist Attacks .....</b>	<b>34,014.1</b>	<b>.....</b>	<b>34,271.5</b>	<b>2.0</b>	<b>34,207.9</b>

for law enforcement at all levels of government. The largest contributors to the domestic counterterrorism goal are law enforcement organizations, with DOJ (largely for the FBI) and DHS (largely for ICE) accounting for 60 and 38 percent of funding for 2014, respectively.

### **Protect the American People, Our Critical Infrastructure, and Key Resources**

Critical infrastructure includes the assets, systems, and networks, whether physical or virtual, so vital to the United States that their destruction would have a debilitating effect on national economic or homeland security, public health or safety, or any combination thereof. Key resources are publicly or privately controlled resources essential to the minimal operations of the economy and government whose disruption or destruction could have significant consequences across multiple dimensions, including national monuments and icons.

Efforts to protect the American people include defending against catastrophic threats through research,

development, and deployment of technologies, systems, and medical measures to detect and counter the threat of chemical, biological, radiological, and nuclear (CBRN) weapons. Funding encompasses activities to protect against, detect, deter, or mitigate the possible terrorist use of CBRN weapons through detection systems and procedures, improving decontamination techniques, and the development of medical countermeasures, such as vaccines, drugs and diagnostics to protect the public from the threat of a CBRN attack or other public health emergency. The agencies with the most significant resources to help develop and field technologies to counter CBRN threats are: HHS, largely for research at the National Institutes of Health (NIH) and for advanced development of medical countermeasures (\$2.7 billion, or 42 percent, of the 2014 total); DOD (\$1.6 billion, or 24 percent, of the 2014 total); and DHS (\$1.9 billion, or 29 percent, of the 2014 total).

Protecting the Nation's critical infrastructure and key resources (CI/KR) is a complex challenge for two reasons: (1) the diversity of infrastructure and (2) the high level of private ownership of the Nation's critical

**Table 23–3. PROTECT THE AMERICAN PEOPLE, OUR CRITICAL INFRASTRUCTURE, AND KEY RESOURCES**

(Budget authority in millions of dollars)

Agency	2012 Actual	2012 Supplemental/ Emergency	2013 CR	2013 Supplemental	2014 Request
Department of Agriculture .....	137.4	.....	137.8	.....	298.9
Department of Commerce .....	250.8	.....	238.2	.....	286.3
Department of Defense .....	16,210.7	.....	15,956.9	25.6	15,698.6
Department of Energy .....	1,724.2	.....	1,685.7	.....	1,671.0
Department of Health and Human Services .....	2,154.3	.....	2,175.0	.....	2,843.0
Department of Homeland Security .....	5,287.5	.....	5,525.2	.....	6,321.4
Department of Justice .....	610.7	.....	611.6	.....	534.7
Department of Veterans Affairs .....	311.9	.....	308.5	.....	312.8
National Aeronautics and Space Administration .....	225.2	.....	212.3	.....	225.9
National Science Foundation .....	443.9	.....	443.9	.....	423.0
Social Security Administration .....	211.1	.....	241.8	.....	261.4
Other Agencies .....	698.8	.....	676.0	.....	706.9
<b>Total, Protect the American People, Our Critical Infrastructure, and Key Resources .....</b>	<b>28,266.5</b>	<b>.....</b>	<b>28,212.8</b>	<b>25.6</b>	<b>29,584.1</b>

infrastructure and key assets. Efforts to protect CI/KR include unifying disparate efforts to protect critical infrastructure across the Federal Government and with State, local, and private stakeholders; accurately assessing CI/KR and prioritizing protective action based on risk; and reducing threats and vulnerabilities in cyberspace. In fact, securing our cyberspace is a top priority of the Obama Administration both to protect Americans and our way of life and as a foundation for continuing to grow the Nation's economy. DOD continues to report the largest share of funding in this category for 2014 (\$14.1 billion, or 61 percent), which includes programs focusing on physical security and improving the military's ability to prevent or mitigate the consequences of attacks against departmental personnel and facilities. DHS has overall responsibility for prioritizing and executing infrastructure protection activities at the national level and accounts for \$4.5 billion (19 percent) of 2014 funding. Another 24 agencies also report funding to protect their own assets and work with States, localities, and the private sector to reduce vulnerabilities in their areas of expertise.

The President's 2014 request increases funding for activities to protect the Nation's people, critical infrastructure and key resources by \$1.3 billion, or 5 percent.

## Respond To and Recover From Incidents

The ability to respond to and recover from incidents requires efforts to bolster capabilities nationwide to prevent and protect against terrorist attacks, and also minimize the damage from attacks through effective response and recovery. This includes programs that help to plan, equip, train, and practice the capabilities of many different response units (including first responders, such as police officers, firefighters, emergency medical providers, public works personnel, and emergency management officials) that are instrumental in their preparedness to mobilize without warning for an emergency. Building this capability encompasses a broad range of agency incident management activities, as well as grants and other assistance to States and localities for first responder preparedness capabilities. Response to natural disasters and other major incidents, including catastrophic natural events such as Hurricane Katrina and chemical or oil spills, like Deepwater Horizon, do not directly fall within the definition of a homeland security activity for funding purposes, as defined by section 889 of the Homeland Security Act of 2002. Preparing for terrorism-related threats includes many activities that also support preparedness for catastrophic natural and man-made disasters, how-

**Table 23–4. RESPOND TO AND RECOVER FROM INCIDENTS**

(Budget authority in millions of dollars)

Agency	2012 Actual	2012 Supplemental/ Emergency	2013 CR	2013 Supplemental	2014 Request
Department of Agriculture .....	63.9	.....	64.3	.....	64.1
Department of Commerce* .....	83.4	.....	299.9	.....	2,277.0
Department of Defense .....	1,569.2	.....	1,524.5	62.8	1,661.4
Department of Education .....	1.2	.....	1.2	.....	1.2
Department of Energy .....	213.9	.....	240.4	.....	248.9
Department of Health and Human Services .....	1,963.9	.....	1,905.2	.....	1,880.1
Department of Homeland Security .....	2,142.9	.....	2,392.5	.....	2,473.2
Department of Housing and Urban Development .....	2.0	.....	2.0	.....	1.0
Department of the Interior .....	4.4	.....	4.4	.....	4.7
Department of Justice .....	12.1	.....	12.2	.....	12.1
Department of Labor .....	18.1	.....	18.1	.....	18.3
Department of State .....	7.7	.....	26.1	.....	26.1
Department of Transportation .....	22.3	.....	25.0	.....	24.8
Department of the Treasury .....	34.9	.....	34.8	.....	34.9
Department of Veterans Affairs .....	69.1	.....	59.1	.....	62.7
Environmental Protection Agency .....	54.2	.....	54.0	.....	53.0
Executive Office of the President .....	5.2	.....	2.1	.....	2.3
General Services Administration .....	3.0	.....	3.0	.....	3.0
Office of Personnel Management .....	0.4	.....	0.4	.....	.....
Social Security Administration .....	0.4	.....	0.5	.....	0.5
District of Columbia .....	15.0	.....	25.0	.....	15.0
Federal Communications Commission .....	2.6	.....	1.6	.....	1.6
Intelligence Community Management Account** .....	9.0	.....	9.0	.....	.....
National Archives and Records Administration .....	1.3	.....	1.3	.....	1.3
Securities and Exchange Commission .....	5.0	.....	5.0	.....	5.0
<b>Total, Respond To and Recover From Incidents .....</b>	<b>6,305.0</b>	<b>.....</b>	<b>6,711.6</b>	<b>62.8</b>	<b>8,872.3</b>

\* One-time funding increase in 2014 authorized by the Middle Class Tax Relief and Job Creation Act of 2012 to build a nationwide broadband network for first responders.

\*\* Funding for the Intelligence Community Management Account was moved under DoD beginning in 2013.

ever. Additionally, lessons learned from the response to Hurricane Katrina have been used to revise and strengthen catastrophic response planning. The agencies with the most significant participation in this effort are: DHS (\$2.5 billion, or 28 percent, of the 2014 total); DOC (\$2.3 billion, or 26 percent of the 2014 total, which is new funding to build a nationwide broadband network for first responders); HHS (\$1.9 billion, or 21 percent of the 2014 total); and DOD (\$1.7 billion, or 19 percent of the 2014 total). Nineteen other agencies include emergency preparedness and response funding. The President's 2014 request would increase funding by \$2.6 billion (41 percent) above the 2012 enacted level.

### **Continue to Strengthen the Homeland Security Foundation**

Preventing and disrupting terrorist attacks; protecting the American people, critical infrastructure, and key resources; and responding to and recovering from incidents that do occur are enduring homeland security responsibilities. For the long-term fulfillment of these responsibilities it is necessary to continue to strengthen the principles, systems, structures, and institutions that cut across the homeland security enterprise and support our activities to secure the Nation. Long-term success across several cross-cutting areas is essential to protect the United States. In addition, an all-of-Nation integration of effort and the leveraging of resources that exist in local communities, as manifest in the Obama Administration's "Whole of Community" initiative, for example, are essential to effective preparedness and incident response capabilities. While these areas are not quantifiable in terms of budget figures, they are important elements in the management and budgeting processes. As the Administration sets priorities and determines funding for new and existing homeland security programs, consideration must be given to areas such as the assessment and management of risk, which underlie the full spectrum of homeland security activities. This includes decisions about when, where, and how to invest resources in capabilities or assets that eliminate, control, or mitigate risks. Likewise, research and development initiatives promote the application of science and technology to homeland security activities and can drive improvements in processes and efficiencies to reduce the vulnerability of the Nation.

### **Non-Federal Expenditures<sup>1</sup>**

State and local governments and private-sector firms also have devoted resources of their own to the task of defending against terrorist threats. Some of the spending has been of a one-time nature, such as investment in new security equipment and infrastructure; some spending has been ongoing, such as hiring more personnel, and increasing overtime for existing security personnel. In many cases, own-source spending has supplemented the resources provided by the Federal Government.

Many governments and businesses, though not all, place a high priority on, and provide additional resources, for security. A 2004 survey conducted by the National Association of Counties found, that as a result of intergovernmental homeland security planning and funding processes, three out of four counties believed they were better prepared to respond to terrorist threats. Moreover, almost 40 percent of the surveyed counties had appropriated their own funds to assist with homeland security. Own-source resources supplemented funds provided by States and the Federal Government. However, the same survey revealed that 54 percent of counties had not used any of their own funds.<sup>2</sup> The survey's findings were based on the responses from 471 counties (15 percent) nationwide, out of 3,140 counties or equivalents.<sup>3</sup>

A study conducted by the Heritage Foundation, one of the few organizations to compile homeland security spending estimates from States and localities, provides data on State and local spending in support of homeland security activities.<sup>4</sup> The report surveyed 43 jurisdictions that are eligible for DHS' Urban Areas Security Initiative (UASI) grant funds due to the risk of a terrorist attack.<sup>5</sup> These jurisdictions are home to approximately 145 million people or 47 percent of the total United States population. According to the report, the 2007 homeland security budgets for the jurisdictions examined (which include 26 States and the District of Columbia, 50 primary cities, and 35 primary counties) totaled \$37 billion, while the same entities received slightly more than \$2 billion in Federal homeland security grants.<sup>6</sup> The report further states that from 2000 - 2007, these States and localities spent \$220 billion on homeland security activities, which includes increases of three to six percent a year for law enforcement and fire services budgets, and received over \$10 billion in Federal grants. California, the most populous State, is also the largest recipient of Federal homeland security funds, having received almost \$1.5 billion from 2000 - 2007, while spending over \$45 billion in State and local funding. Over the same time period, the top ten most populous States (including California) spent \$148

<sup>2</sup> Source: National Association of Counties, "Homeland Security Funding—2003 State Homeland Security Grants Programs I and II."

<sup>3</sup> The National Association of Counties conducted a survey through its various state associations (48), responses were received from 471 counties in 26 states.

<sup>4</sup> Source: Matt A. Mayer, "An Analysis of Federal, State, and Local Homeland Security Budgets," A Report of the Heritage Center for Data Analysis, CDA09-01, March 9, 2009, at [http://www.heritage.org/Research/HomelandSecurity/upload/CDA\\_09\\_01.pdf](http://www.heritage.org/Research/HomelandSecurity/upload/CDA_09_01.pdf). Figures cited in this report have not been independently verified by the Office of Management and Budget.

<sup>5</sup> The Heritage Foundation report's methodology in selecting the states, cities, and counties to include in the report is as follows: the state had to possess a designated UASI jurisdiction and the city and county had to belong to a designated UASI jurisdiction that had received at least \$15 million from 2003 to 2007 from the DHS.

<sup>6</sup> The Heritage Foundation report's budget data for homeland security included primary law enforcement agencies, fire departments, homeland security offices, and emergency management agencies. In some cases, state and local emergency management agency budget data was embedded in the fire department budget data and was not separately noted in its own category.

<sup>1</sup> OMB does not collect detailed homeland security expenditure data from State, local, or private entities directly.

billion on State and local homeland security related activities.

There is also a diversity of responses in the businesses community. A 2003 survey of 199 corporate security directors conducted by the Conference Board showed that just over half of the companies reported that they had permanently increased security spending post-September 11, 2001.<sup>7</sup> About 15 percent of the companies surveyed had increased their security spending by 20 percent or more.<sup>8</sup> Large increases in spending were especially evident in critical industries, such as transportation, energy, financial services, media and telecommunications, information technology, and healthcare. However, about one-third of the surveyed companies reported that they had not increased their security spending after September

11th.<sup>9</sup> Given the difficulty of obtaining survey results that are representative of the universe of States, localities, and businesses, it is likely that there will be a wide range of estimates of non-Federal security spending for critical infrastructure protection.

### Additional Tables

The tables in the Federal expenditures section of this chapter present data based on the President's policy for the 2014 Budget. The tables below present additional policy and baseline data, as directed by the Homeland Security Act of 2002.

An appendix of account-level funding estimates is available on the Internet at [www.budget.gov/budget/analytical\\_perspectives](http://www.budget.gov/budget/analytical_perspectives) and on the Budget CD ROM.

<sup>7</sup> Source: Thomas E. Cavanagh and Meredith Whiting, "2003 Corporate Security Management: Organization and Spending Since 9/11," The Conference Board. R-1333-03-RR. July 2003. This report references sample size of 199 corporate security directors, of which 96 were in "critical industries", while the remaining 103 were in "non-critical industries." In the report, the Conference Board states that it followed the DHS usage of critical industries, "defined as the following: transportation; energy and utilities; financial services; media and telecommunications; information technology; and healthcare."

<sup>8</sup> The Conference Board survey cites the sample size for this statistic was 192 corporate security directors.

<sup>9</sup> The Conference Board survey cites the sample size for this statistic was 199 corporate security directors.

**Table 23-5. DISCRETIONARY FEE-FUNDED HOMELAND SECURITY ACTIVITIES BY AGENCY**  
(Budget authority in millions of dollars)

Agency	2012 Actual	2012 Supplemental/ Emergency	2013 CR	2013 Supplemental	2014 Request
Department of Commerce .....	.....	.....	.....	.....	-257.0
Department of Energy .....	-13.4	.....	-17.8	.....	-17.8
Department of Homeland Security .....	-3,297.2	.....	-3,543.0	.....	-3,551.0
Department of State .....	-2,489.0	.....	-2,589.6	.....	-2,798.0
General Services Administration .....	-30.0	.....	-10.0	.....	-363.0
Social Security Administration .....	-211.6	.....	-242.2	.....	-261.9
Federal Communications Commission .....	-2.6	.....	-1.6	.....	-1.6
Securities and Exchange Commission .....	-8.0	.....	-8.0	.....	-8.0
<b>Total, Discretionary Homeland Security Fee-Funded Activities .....</b>	<b>-6,051.8</b>	<b>.....</b>	<b>-6,412.2</b>	<b>.....</b>	<b>-7,258.2</b>

**Table 23-6. MANDATORY HOMELAND SECURITY FUNDING BY AGENCY**  
(Budget authority in millions of dollars)

Agency	2012 Actual	2012 Supplemental/ Emergency	2013 CR	2013 Supplemental	2014 Request
Department of Agriculture .....	199.0	.....	208.0	.....	211.6
Department of Commerce* .....	2.5	.....	214.0	.....	2,174.0
Department of Defense .....	266.5	.....	273.6	.....	266.2
Department of Energy .....	10.0	.....	15.0	.....	15.0
Department of Health and Human Services .....	0.3	.....	0.3	.....	0.3
Department of Homeland Security .....	2,603.8	.....	2,636.8	.....	2,725.3
Department of Labor .....	10.6	.....	1.7	.....	1.7
<b>Total, Homeland Security Mandatory Programs .....</b>	<b>3,092.7</b>	<b>.....</b>	<b>3,349.4</b>	<b>.....</b>	<b>5,394.1</b>

\* Funding increase authorized to build a nationwide broadband network for first responders.

**Table 23–7. BASELINE ESTIMATES—TOTAL HOMELAND SECURITY FUNDING BY AGENCY**

(Budget authority in millions of dollars)

Agency	2013	Baseline				
		2014	2015	2016	2017	2018
Department of Agriculture .....	449	458	471	482	489	498
Department of Commerce .....	543	2,509	2,463	8,944	2,776	367
Department of Defense .....	17,253	17,566	17,895	18,232	18,570	18,918
Department of Education .....	31	32	32	33	33	34
Department of Energy .....	1,927	1,967	2,004	2,045	2,084	2,126
Department of Health and Human Services .....	4,079	4,157	4,242	4,324	4,413	4,499
Department of Homeland Security .....	35,461	36,505	37,534	38,573	39,638	40,721
Department of Housing and Urban Development .....	2	2	2	2	2	2
Department of the Interior .....	57	58	60	62	66	67
Department of Justice .....	4,054	4,182	4,304	4,435	4,566	4,705
Department of Labor .....	38	36	37	37	37	38
Department of State .....	2,796	2,852	2,911	2,969	3,032	3,093
Department of Transportation .....	236	244	254	261	271	282
Department of the Treasury .....	123	127	129	134	137	140
Department of Veterans Affairs .....	368	376	386	396	405	414
Corps of Engineers .....	15	15	16	16	16	16
Environmental Protection Agency .....	103	107	107	111	115	118
Executive Office of the President .....	9	9	9	10	10	10
General Services Administration .....	18	18	18	18	19	19
National Aeronautics and Space Administration .....	213	217	221	226	230	233
National Science Foundation .....	444	453	461	470	479	487
Office of Personnel Management .....	1	1	1	1	1	1
Social Security Administration .....	242	262	267	272	277	282
District of Columbia .....	25	25	26	26	27	27
Federal Communications Commission .....	2	2	2	2	2	2
Intelligence Community Management Account .....	9	9	9	10	10	10
National Archives and Records Administration .....	23	23	24	24	25	25
Nuclear Regulatory Commission .....	78	80	84	85	88	91
Securities and Exchange Commission .....	8	8	8	8	9	9
Smithsonian Institution .....	102	106	109	114	118	122
United States Holocaust Memorial Museum .....	11	11	11	12	12	12
<b>Total, Homeland Security Budget Authority .....</b>	<b>68,720</b>	<b>72,417</b>	<b>74,097</b>	<b>82,334</b>	<b>77,957</b>	<b>77,368</b>
Less Department of Defense .....	–17,253	–17,566	–17,895	–18,232	–18,570	–18,918
<b>Non-Defense Homeland Security BA .....</b>	<b>51,467</b>	<b>54,851</b>	<b>56,202</b>	<b>64,102</b>	<b>59,387</b>	<b>58,450</b>
Less Fee-Funded Homeland Security Programs .....	–6,443	–6,522	–6,645	–6,771	–6,900	–7,031
Less Mandatory Homeland Security Programs .....	–3,352	–5,393	–5,424	–11,953	–5,825	–3,450
<b>Net Non-Defense, Discretionary Homeland Security BA .....</b>	<b>41,672</b>	<b>42,936</b>	<b>44,133</b>	<b>45,378</b>	<b>46,662</b>	<b>47,969</b>
<b>Obligations Limitations</b>						
Department of Transportation Obligations Limitation .....	.....	.....	.....	.....	.....	.....

**Table 23–8. HOMELAND SECURITY FUNDING BY BUDGET FUNCTION**

(Budget authority in millions of dollars)

Budget Function	2012 Actual	2013 CR	2014 Request
National Defense .....	22,831	22,338	22,465
International Affairs .....	2,674	2,792	2,992
General Science Space and Technology .....	749	737	734
Energy .....	114	125	124
Natural Resources and the Environment .....	300	298	316
Agriculture .....	426	437	599
Commerce and Housing Credit .....	205	417	2,517
Transportation .....	11,233	11,400	10,825
Community and Regional Development .....	2,569	2,601	2,639
Education, Training, Employment and Social Services .....	167	175	177
Health .....	4,110	4,069	4,712
Medicare .....	24	26	25
Income Security .....	14	5	1
Social Security .....	212	242	262
Veterans Benefits and Services .....	381	368	376
Administration of Justice .....	21,143	21,167	22,091
General Government .....	1,429	1,539	1,906
<b>Total, Homeland Security Budget Authority .....</b>	<b>68,581</b>	<b>68,736</b>	<b>72,761</b>
Less National Defense, DoD .....	-17,778	-17,253	-17,357
<b>Non-Defense Homeland Security BA .....</b>	<b>50,803</b>	<b>51,483</b>	<b>55,404</b>
Less Fee-Funded Homeland Security Programs .....	-6,028	-6,384	-7,455
Less Mandatory Homeland Security Programs .....	-3,094	-3,352	-5,393
<b>Net Non-Defense, Discretionary Homeland Security BA .....</b>	<b>41,681</b>	<b>41,747</b>	<b>42,556</b>

**Table 23–9. BASELINE ESTIMATES—HOMELAND SECURITY FUNDING BY BUDGET FUNCTION**

(Budget authority in millions of dollars)

Budget Function	2013	Baseline				
		2014	2015	2016	2017	2018
National Defense .....	22,338	22,777	23,229	23,696	24,166	24,649
International Affairs .....	2,792	2,848	2,907	2,965	3,028	3,089
General Science Space and Technology .....	737	752	765	781	795	808
Energy .....	125	128	132	134	137	141
Natural Resources and the Environment .....	298	305	311	319	329	336
Agriculture .....	437	446	459	469	476	484
Commerce and Housing Credit .....	417	2,381	2,331	8,810	2,639	227
Transportation .....	11,384	11,694	12,031	12,378	12,740	13,106
Community and Regional Development .....	2,601	2,653	2,702	2,755	2,811	2,863
Education, Training, Employment and Social Services .....	175	180	184	191	195	201
Health .....	4,069	4,146	4,229	4,311	4,398	4,484
Medicare .....	26	27	29	30	32	33
Income Security .....	5	3	3	3	3	3
Social Security .....	242	262	267	272	277	282
Veterans Benefits and Services .....	368	376	386	396	405	414
Administration of Justice .....	21,167	21,875	22,538	23,200	23,871	24,563
General Government .....	1,539	1,564	1,594	1,624	1,655	1,685
<b>Total, Homeland Security Budget Authority .....</b>	<b>68,720</b>	<b>72,417</b>	<b>74,097</b>	<b>82,334</b>	<b>77,957</b>	<b>77,368</b>
Less National Defense, DoD .....	-17,253	-17,566	-17,895	-18,232	-18,570	-18,918
<b>Non-Defense, Discretionary Homeland Security BA .....</b>	<b>51,467</b>	<b>54,851</b>	<b>56,202</b>	<b>64,102</b>	<b>59,387</b>	<b>58,450</b>
Less Fee-Funded Homeland Security Programs .....	-6,443	-6,522	-6,645	-6,771	-6,900	-7,031
Less Mandatory Homeland Security Programs .....	-3,352	-5,393	-5,424	-11,953	-5,825	-3,450
<b>Net Non-Defense, Discretionary Homeland Security BA .....</b>	<b>41,672</b>	<b>42,936</b>	<b>44,133</b>	<b>45,378</b>	<b>46,662</b>	<b>47,969</b>
<b>Obligations Limitations</b>						
Department of Transportation Obligations Limitation .....						

## 24. FEDERAL DRUG CONTROL FUNDING

In support of the 2013 National Drug Control Strategy (Strategy), the President requests \$25.4 billion in Fiscal Year (FY) 2014 to reduce drug use and its consequences in the United States. The 2013 Strategy articulates the Administration's vision for a modern, balanced drug policy, one that is based on a sophisticated approach to a complicated problem, encompassing prevention, early intervention, treatment, recovery, criminal justice reform, effective law enforcement, and international cooperation. The budget will continue to support a balanced approach that brings all sectors of society together in a national effort to improve public health and public safety.

Consistent with the restructuring of the drug control budget in FY 2012, the FY 2014 request includes one new program. This new program is the Byrne Memorial Justice Assistance Grant program. This program provides critical assistance to state and local law enforcement in addressing community problems with narcotics and much needed support for their local efforts to reduce substance abuse.

Program evaluation and performance measurement are important tools for the Office of National Drug Control Policy (ONDCP) in its oversight of Federal agencies—enabling ONDCP to assess the extent to which the Strategy is meeting its goals and objectives, and the contributions of drug control agencies. A key performance tool for ONDCP is the Performance Reporting System which was designed to appraise the performance of the large and complex interagency Federal effort set forth in the Strategy. The first report using this data was published in April 2012, and was developed through an extensive interagency process that brought together subject matter experts, policy and program analysts, researchers, statisticians, and leadership from Federal drug control agencies to capture 25 measures for the seven objectives of the Strategy. The targets identified in the report were determined by interagency groups for each measure, based on baseline and trend data. The next report will be published in 2013 and will address progress to date.

**Table 24–1. FEDERAL DRUG CONTROL FUNDING, 2012–2014 <sup>1</sup>**  
(Budget authority, in millions of dollars)

Department/Agency	2012 Enacted	2013 Continuing Resolution	2014 President's Budget
<b>Department of Agriculture:</b>			
U.S. Forest Service .....	15.2	15.2	13.2
<b>Court Services and Offender Supervision Agency for D.C.: .....</b>	<b>56.3</b>	<b>57.5</b>	<b>60.6</b>
<b>Department of Defense: <sup>2</sup></b>			
Drug Interdiction and Counterdrug Activities .....	1,775.1	1,632.5	1,084.0
Defense Health Program .....	94.4	108.2	119.7
<b>Total DOD .....</b>	<b>1,869.4</b>	<b>1,740.7</b>	<b>1,203.6</b>
<b>Department of Education: .....</b>	<b>63.7</b>	<b>58.9</b>	<b>137.1</b>
<b>Federal Judiciary: .....</b>	<b>1,118.1</b>	<b>1,125.4</b>	<b>1,153.2</b>
<b>Department of Health and Human Services:</b>			
Administration for Children and Families .....	20.0	20.0	20.0
Centers for Medicare and Medicaid Services <sup>3</sup> .....	3,500.0	3,720.0	4,670.0
Health Resources and Services Administration .....	17.8	17.9	18.2
Indian Health Service .....	98.0	96.4	112.4
National Institute on Alcohol Abuse and Alcoholism .....	61.6	62.0	62.2
National Institute on Drug Abuse .....	1,051.4	1,058.6	1,071.6
Substance Abuse and Mental Health Services Administration <sup>4</sup> .....	2,479.3	2,447.0	2,415.8
<b>Total HHS .....</b>	<b>7,228.1</b>	<b>7,421.9</b>	<b>8,370.2</b>
<b>Department of Homeland Security:</b>			
Customs and Border Protection .....	2,280.3	2,280.3	2,344.6
Federal Law Enforcement Training Center .....	48.5	48.7	48.8
Immigration and Customs Enforcement .....	523.5	523.5	485.0
Office of Counternarcotics Enforcement .....	1.8	1.8	0.0
U.S. Coast Guard <sup>5</sup> .....	1,332.5	1,253.3	1,127.8
<b>Total DHS .....</b>	<b>4,186.6</b>	<b>4,107.6</b>	<b>4,006.2</b>

**Table 24–1. FEDERAL DRUG CONTROL FUNDING, 2012–2014 <sup>1</sup>—Continued**  
(Budget authority, in millions of dollars)

Department/Agency	2012 Enacted	2013 Continuing Resolution	2014 President's Budget
<b>Department of Housing and Urban Development:</b>			
Continuum of Care .....	446.0	446.0	570.0
<b>Department of the Interior:</b>			
Bureau of Indian Affairs .....	10.0	9.5	9.5
Bureau of Land Management .....	5.1	5.1	5.1
National Park Service .....	3.3	3.3	3.3
<b>Total DOI .....</b>	<b>18.4</b>	<b>17.9</b>	<b>17.9</b>
<b>Department of Justice:</b>			
Asset Forfeiture Fund .....	230.3	232.8	244.5
Bureau of Prisons .....	3,396.9	3,377.7	3,517.7
Criminal Division .....	39.6	41.0	40.2
Drug Enforcement Administration .....	2,357.0	2,400.4	2,428.9
Interagency Crime and Drug Enforcement .....	527.5	530.7	523.0
Federal Prisoner Detention / [Office of Federal Detention Trustee] .....	580.1	580.1	656.3
Office of Justice Programs .....	243.4	237.5	380.9
National Drug Intelligence Center .....	20.0	20.1	0.0
U.S. Attorneys .....	78.8	75.0	76.4
U.S. Marshals Service .....	248.8	250.5	251.5
<b>Total DOJ .....</b>	<b>7,722.5</b>	<b>7,746.0</b>	<b>8,119.3</b>
<b>Department of Labor:</b>			
Employment and Training Administration .....	6.6	6.6	6.6
<b>Office of National Drug Control Policy:</b>			
Operations .....	24.5	24.7	22.6
High Intensity Drug Trafficking Area Program .....	238.5	240.0	193.4
Other Federal Drug Control Programs .....	105.6	106.2	95.4
<b>Total ONDCP .....</b>	<b>368.6</b>	<b>370.8</b>	<b>311.4</b>
<b>Department of State: 6</b>			
Bureau of International Narcotics and Law Enforcement Affairs .....	494.6	494.6	510.5
Economic Support and Development Assistance .....	173.7	173.7	134.6
<b>Total DOS .....</b>	<b>668.3</b>	<b>668.3</b>	<b>645.1</b>
<b>Department of the Transportation:</b>			
Federal Aviation Administration .....	28.7	27.6	28.1
National Highway Safety Administration .....	2.7	2.7	2.2
<b>Total DOT .....</b>	<b>31.4</b>	<b>30.3</b>	<b>30.3</b>
<b>Small Business Administration:</b> .....	0.0	0.0	0.0
<b>Department of the Treasury:</b>			
Internal Revenue Service .....	60.3	60.3	60.9
<b>Department of Veterans Affairs:</b>			
Veterans Health Administration <sup>7</sup> .....	637.8	663.0	687.4
<b>Total Federal Drug Budget .....</b>	<b>24,497.2</b>	<b>24,536.4</b>	<b>25,393.2</b>

<sup>1</sup> Detail may not add due to rounding.

<sup>2</sup> As the Overseas Contingency Operations (OCO) amounts have not yet been finalized, this amount includes FY 2014 base budget resources only.

<sup>3</sup> The estimates for the Centers for Medicare & Medicaid Services reflect Medicaid and Medicare benefit outlays for substance abuse treatment; they do not reflect budget authority. The estimates were developed by the CMS Office of the Actuary.

<sup>4</sup> Includes budget authority and funding through evaluation set-aside authorized by Section 241 of the Public Health Service (PHS) Act.

<sup>5</sup> The USCG budgets by appropriation rather than individual missions. The USCG projects resource allocations by mission through use of an activity-based costing system. Actual allocations will vary depending upon operational environment and mission need.

<sup>6</sup> State Department amounts include funding appropriated or requested for overseas contingency operations.

<sup>7</sup> VA Medical Care receives advance appropriations; FY 2014 funding was provided in the Consolidated and Furthering Continuing Appropriations Act, 2013 (Public Law 113-6).

## 25. CALIFORNIA BAY-DELTA FEDERAL BUDGET CROSSCUT

The California Bay-Delta program is a cooperative effort among the Federal Government, the State of California, local governments, and water users, to proactively address the water management and aquatic ecosystem needs of California's Central Valley. This valley, one of the most productive agricultural regions of the world, is drained by the Sacramento River in the north and the San Joaquin River in the south. The two rivers meet southwest of Sacramento, forming the Sacramento-San Joaquin Delta, and drain west into San Francisco Bay.

The Bay-Delta is the hub of the Nation's largest water delivery system, providing drinking water to 25 million Californians. According to the State of California, it supports about \$400 billion of annual economic activity, including a \$28 billion agricultural industry and a robust and diverse recreational industry.

The extensive development of the area's water resources has boosted agricultural production, but has also adversely affected the region's ecosystems. Bay-Delta program participants recognized the need to provide a high-quality, reliable and sustainable water supply for California, while at the same time restoring and maintaining the ecological integrity of the area and mitigating flood risks. This recognition resulted in the 1994 Bay-Delta Accord, which laid the foundation for the CALFED Bay-Delta Authorization Act of 2004 (P.L. 108-361). The program has since adapted and evolved into a broader Bay-Delta program that includes the Bay-Delta Conservation Plan, the Delta Science Program, and the soon-to-be-released Delta Plan. Federal activities are currently coordinated through the Interim Federal Action Plan (established in 2010), under the leadership of the White House Council on Environmental Quality, the Department of the Interior, and California's Delta Stewardship Council.

The Interim Federal Action Plan uses an adaptive management approach to water resources development and management, and continues to develop strategies to balance and achieve the program's four objectives: a renewed Federal-state partnership, smarter water supply and use, habitat restoration, and drought and floodplain management. The partners signed a Record of Decision in 2000 and a Memorandum of Understanding in 2009, detailing the different program components and goals. The program uses scientific monitoring to track progress made towards reaching near-term objectives and longer-range success. Federal agencies contributing to the Bay-Delta program include: the Department of the Interior's Bureau of Reclamation, U.S. Fish and Wildlife Service, and U.S. Geological Survey; the Department of Agriculture's Natural Resources Conservation Service; the Department of Defense's Army Corps of Engineers; the Department of Commerce's National Oceanic and Atmospheric Administration; and the Environmental Protection Agency.

The 2014 Budget includes a crosscut of estimated Federal funding by each of the participating agencies, fulfilling the reporting requirements of P.L. 108-361. Additional tables and narratives that further account for recent programmatic and funding changes are available online at [www.budget.gov/budget/analytical\\_perspectives](http://www.budget.gov/budget/analytical_perspectives) and on the Budget CD-ROM. Please note that some funding amounts included in previous budgets have been updated to align with the programs and activities outlined in the Interim Federal Action Plan. More information about the Interim Federal Action Plan can be found at this website: <http://www.doi.gov/documents/CAWaterWorkPlan.pdf>.

**Table 25-1. BAY-DELTA FEDERAL FUNDING BUDGET CROSSCUT**  
(In millions of dollars)

Agency	Enacted															Pres. Budget	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>1</sup>	2010	2011	2012	2013	2014
Bureau of Reclamation	153.4	114.7	138.5	79.8	103.3	74.2	75.7	81.1	99.8	101.3	66.1	156.8	94.7	185.5	175.2	110.8	153.7
Corps of Engineers .....	100.7	103.3	93.8	54.2	58.2	57.8	72.6	52.3	91.3	87.4	51.2	140.7	72.5	98.1	44.5	53.8	86.1
Natural Resources Conservation Service .....	0.0	14.5	12.9	17.0	39.1	38.4	48.8	36.4	34.6	26.9	40.9	44.4	39.7	56.1	56.1	44.1	52.2
NOAA Fisheries (NMFS) .....	0.3	0.4	0.5	0.6	0.6	0.8	0.8	0.8	0.8	0.5	0.5	0.5	0.5	1.5	1.4	1.4	1.3
Geological Survey .....	3.2	3.2	4.3	5.4	5.1	4.9	4.9	5.4	5.2	4.1	3.7	3.7	3.4	6.0	8.1	9.9	10.6
Fish and Wildlife Service .....	0.9	1.1	3.7	18.2	5.6	11.2	13.7	8.9	10.7	7.5	22.0	24.2	6.5	5.2	4.9	4.9	4.9
Environmental Protection Agency <sup>2</sup> .....	3.2	3.1	57.3	53.4	54.3	20.7	62.8	97.7	36.6	36.1	68.3	161.5	123.7	78.0	85.9	84.7	69.2
<b>Totals:</b>	<b>261.6</b>	<b>240.3</b>	<b>310.8</b>	<b>228.4</b>	<b>266.2</b>	<b>208.0</b>	<b>279.3</b>	<b>282.6</b>	<b>279.0</b>	<b>263.9</b>	<b>252.8</b>	<b>531.9</b>	<b>341.1</b>	<b>430.4</b>	<b>376.0</b>	<b>309.6</b>	<b>377.9</b>

<sup>1</sup> The FY 2009 total includes American Recovery and Reinvestment Act projects and activities.

<sup>2</sup> EPA's 2012-2014 figures include estimated projections of California's total State Revolving Fund (SRF) allocations. Prior year columns do not.

Note: The 2012-2014 columns reflect categories in the Bay-Delta Interim Federal Action Plan. In some cases it may include different projects.

